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METRO NARCOTICS UNIT OF OUACHITA PARISH

*Financial Statements
For the Year Ended September 30, 2006*

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

4/4/07



METRO NARCOTICS UNIT OF OUACHITA PARISH
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Directors

Metro Narcotics Unit of Ouachita Parish

We 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, 2006, which comprise the basic financial statements of Metro as listed in the table of contents. These financial statements are the responsibility of Metro's management. Our responsibility is to express an opinion 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities for Metro as of September 30, 2006, and the respective changes in financial position, thereof 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 our report dated March 6, 2007, 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 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Directors
Metro Narcotics Unit of Ouachita Parish
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Management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
March 6, 2007

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, 2006. 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 Assets and the Statement of Activities provide information about the activities of Metro as a whole.

Reporting Metro as a Whole

The Statement of Net Assets and the Statement of Activities

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

METRO AS A WHOLE

For the years ended September 30, 2006 and 2005:

	FYE 2006	FYE 2005
Beginning net assets	\$ 321,141	\$ 296,216
Increase (Decrease) in net assets	<u>(4,223)</u>	<u>24,925</u>
Ending net assets	<u>\$ 316,918</u>	<u>\$ 321,141</u>

The following schedule presents a summary of revenues and expenses for the fiscal year ended September 30, 2006, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2006	Percent	Increase (Decrease) from	Percent Increase (Decrease)
Revenues:	Amount	of Total	FYE 2005	
Grants	\$ 121,908	60%	\$ (72,668)	(37%)
Forfeitures	57,434	28%	(81,115)	(59%)
Auction Sales	8,514	4%	8,514	100%
Miscellaneous	<u>14,222</u>	8%	<u>9,419</u>	196%
Total Revenues	<u>\$ 202,078</u>	100%	<u>\$ (135,850)</u>	(40%)

Revenues for Metro decreased substantially for the FYE 2006 mainly due to a decrease in available LCLE grant funds and from a decrease in forfeitures.

	FYE 2005	Percent	Increase (Decrease) from	Percent Increase (Decrease)
Revenues:	Amount	of Total	FYE 2004	
Grants	\$ 194,576	58%	\$ 55,019	39%
Forfeitures	138,549	41%	79,616	57%
Auction Sales	-	-	(57,790)	(100%)
Miscellaneous	<u>4,803</u>	1%	<u>(8,834)</u>	(65%)
Total Revenues	<u>\$ 337,928</u>	100%	<u>\$ 68,011</u>	25%

Revenues for Metro increased substantially for the FYE 2005 mainly due to the new grant from the Office of National Drug Control Policy (HIDTA) and from an increase in forfeitures.

	FYE 2006	Percent	Decrease from	Percent Increase (Decrease)
Expenses:	Amount	of Total	FYE 2005	
Total	\$ 206,301	100%	\$ (106,702)	(34%)

Metro's expenses decreased for the FYE 2006 relative to the decrease in revenue.

	FYE 2005	Percent	Increase from	Percent Increase (Decrease)
Expenses:	Amount	of Total	FYE 2004	
Total	\$ 313,003	100%	\$ (3,670)	(1%)

Metro's expenses were level compared to last year.

Capital Assets

At the end of September 30, 2006 and 2005, Metro had \$171,366 and \$167,355 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles (see table next page).

	FYE 2006	FYE 2005
Buildings and improvements	\$ 65,425	\$ 65,425
Furniture and equipment	<u>105,941</u>	<u>101,930</u>
Totals	<u>\$ 171,366</u>	<u>\$ 167,355</u>

This year's additions included the purchase of three computers.

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 and the Office of National Drug Policy, High Intensity Drug Trafficking Area (HIDTA) grant, both of which are awarded to the City of West Monroe, which in turn "passes through" the funds to Metro, Forfeitures revenue, and Sales and Seizures revenue. Metro had a 16% cut in the LCLE grant funds in 2006, and anticipates another similar cut in 2007. Management of Metro hopes to increase the amount received from the HIDTA grant to offset the loss of LCLE funds.

CONTACTING METRO'S FINANCIAL MANAGEMENT

The 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.

Evelyn Robinson
Financial Investigator

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2006

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 240,808
Accounts Receivable	8,416
Grant Funds Receivable	34,298
Depreciable Capital Assets	<u>68,158</u>
<u>TOTAL ASSETS</u>	<u>\$ 351,680</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 4,084
Due to City of West Monroe	4,495
Due to LCLE	<u>26,183</u>
<u>TOTAL LIABILITIES</u>	 34,762
 <u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	68,158
Unrestricted	<u>248,760</u>
Total Net Assets	<u>316,918</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 351,680</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, 2006

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue Changes in Net Assets Governmental Activities</u>
Function/Program Activities			
<u>Primary Government:</u>			
Government Activities:			
Public Safety	\$ 206,301	\$ 121,908	\$ (84,393)
Total Governmental Activities	<u>206,301</u>	<u>121,908</u>	<u>(84,393)</u>
General Revenues:			
Forfeitures			\$ 57,434
Restitutions			59
Auction Sales			8,514
Miscellaneous			5,587
Interest Earned			<u>8,576</u>
Total General Revenues			<u>80,170</u>
Changes in Net Assets			(4,223)
<u>Net Assets - Beginning</u>			<u>321,141</u>
<u>Net Assets - Ending</u>			<u>\$ 316,918</u>

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

METRO NARCOTICS UNIT OF OUACHITA PARISH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

	<u>Total Governmental Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 240,808
Accrued Interest on Certificates of Deposit	5,216
Agent Cash Advances	3,200
Grant Funds Receivable	<u>34,298</u>
<u>TOTAL ASSETS</u>	<u>\$ 283,522</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 4,084
Due to City of West Monroe	4,495
Due to LCLE	<u>26,183</u>
Total Liabilities	<u>34,762</u>
<u>FUND BALANCE</u>	
Fund Balance	248,760
Total Fund Balance	<u>248,760</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 283,522</u>

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

METRO NARCOTICS UNIT OF OUACHITA PARISH
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2006

Governmental Fund Balance \$ 248,760

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 68,158

Net Assets of Governmental Activities \$ 316,918

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Total Governmental Funds</u>
<u>REVENUES</u>	
Grants	\$ 121,908
Forfeitures	57,434
Auction Sales	8,514
Interest Income	8,635
Miscellaneous	5,587
Total Revenues	<u>202,078</u>
 <u>EXPENDITURES</u>	
Public Safety	<u>187,278</u>
Total Expenditures	<u>187,278</u>
 <u>EXCESS OF REVENUES OVER EXPENDITURES</u>	
	14,800
 <u>FUND BALANCE AT BEGINNING OF YEAR</u>	
	<u>233,960</u>
 <u>FUND BALANCE AT END OF YEAR</u>	
	<u><u>\$ 248,760</u></u>

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

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, 2006

Net Change in Fund Balance - Governmental Fund	\$ 14,800
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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	4,011
Depreciation expense	(23,034)
	(19,023)

Change in Net Assets in Governmental Activities	<u>\$ (4,223)</u>
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METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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 assets 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 assets are 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 assets. 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, 2006

Note 1 - **Summary of Significant Accounting Policies**

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

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Note 1 - **Summary of Significant Accounting Policies**

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*.

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**

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, 2006.

At September 30, 2006, Metro has cash and cash equivalents, totaling \$240,808 as follows:

Cash on Hand	\$ 2,038
Demand Deposits	122,065
Certificates of Deposit	<u>116,705</u>
Total	<u>\$ 240,808</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, 2006, are secured, as follows:

Bank Balances	<u>\$ 238,845</u>
Federal Deposit Insurance	\$ 200,000
Pledged Securities (Uncollateralized)	<u>157,387</u>
Total	<u>\$ 357,387</u>

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

Note 2 - Cash and Certificates of Deposit (continued)

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 \$116,705 and is considered cash equivalent because it has an original maturity date within three months of the fiscal year end.

Note 3 - Receivables

Accounts receivable at September 30, 2006, consisting of reimbursements for expenditures incurred under the Louisiana Commission Law Enforcement Grant, was \$34,298.

Note 4 - Fixed Assets

A summary of changes in fixed assets follows:

	September 30, 2005			September 30, 2006
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Depreciable Assets:				
Buildings &				
Improvements	\$ 65,425	\$ -	\$ -	\$ 65,425
Equipment	<u>101,930</u>	<u>4,011</u>	-	<u>105,941</u>
Total at Historical Cost	167,355	4,011	-	171,366
Less Accumulated				
Depreciation for:				
Buildings &				
Improvements	(12,851)	(3,213)	-	(16,064)
Equipment	<u>(67,323)</u>	<u>(19,821)</u>	-	<u>(87,144)</u>
Total Accumulated				
Depreciation	<u>(80,174)</u>	<u>(23,034)</u>	-	<u>(103,208)</u>
<u>Government Activities</u>				
<u>Capital Assets, Net</u>	<u>\$ 87,181</u>	<u>\$(19,023)</u>	<u>\$ -</u>	<u>\$ 68,158</u>

Depreciation expense for the year ended September 30, 2006 was charged to governmental activities as follows:

Governmental Activities:	
Public Safety	\$ <u>23,034</u>
Total Depreciation Expense	
Governmental Activities	\$ <u>23,034</u>

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

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. These programs are 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 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 - **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, 2006, nor is Metro aware of any unasserted claims.

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

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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 AUDIT STANDARDS**

Board of Directors
Metro Narcotics Unit of Ouachita Parish

We have audited the financial statements of the governmental activities of Metro Narcotics Unit of Ouachita Parish, as of and for the year ended September 30, 2006, which comprise Metro's basic financial statements and have issued our report thereon dated March 6, 2007. 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.

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 financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Metro's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic primary government financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 06-1.

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 a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the 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 the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Compliance and Other Matters

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

This report is intended solely for the information of management of 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 24:516, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Houtt (APAC)

West Monroe, Louisiana
March 6, 2007

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

We have audited the financial statements of Metro Narcotics Unit of Ouachita Parish as of and for the year ended September 30, 2006, and have issued our report thereon dated January 5, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2006, resulted in an unqualified opinion.

Section I - Summary of Auditors' Results

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

Internal Control

Material Weaknesses ___ yes X no Reportable Conditions X yes ___ no

Compliance

Compliance material to financial statements ___ yes X no

B. Federal Awards

Internal Control

Material Weaknesses ___ yes X no Reportable Conditions ___ yes X no

Type of Opinion on Compliance

For Major Programs N/A Unqualified _____ Qualified _____
Disclaimer _____ Adverse _____

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

C. Identification of Major Programs: N/A

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

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?
___ yes ___ no N/A

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006 (continued)

Section II – Financial Statement Findings

06-1 LCLE Grant Income

Condition:

During the audit of Metro Narcotics Unit of Ouachita Parish, it was noted that some expenditures for the purchase of information, evidence, and services had been inadvertently submitted to both the LCLE and HIDTA grant funds for reimbursement.

Criteria:

Expenditures for the purchase of information, evidence, and services should only be reimbursed once and by only one grant.

Effect:

Grant income is overstated at year end as a result of Metro being reimbursed for the same expenditures from two grants.

Recommendation:

Metro should determine the amount of expenditures for the purchase of information, evidence, and services for which reimbursement funds from LCLE were received. This amount should be repaid to LCLE.

Response:

Since the amount that was reimbursed by both LCLE and HIDTA for purchases of information, evidence, and services is not easily determinable, Metro will set up a payable for the entire amount reimbursed by LCLE, so that grant income will be properly stated for the year ended September 30, 2006. Metro will repay LCLE for the funds received and will not seek reimbursement from LCLE for future purchases of information, evidence, and services.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

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, 2006

<u>Federal Grants/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Expenditures</u>
Department of Justice			
Bureau of Justice Assistance			
LA Commission on Law Enforcement	16.579	99-B2-B.02-0H19	\$ 79,567
LA Commission on Law Enforcement			
Law Enforcement Equipment	16.572	Z04-2-015	<u>8,454</u>
			88,021
Executive Office of the President			
Office of National Drug Control Policy			
	None	HIDTAI6PGCP602Z	12,794
		HIDTAI5PGCP602Z	<u>21,093</u>
			<u>33,887</u>
			<u>\$ 121,908</u>

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 accrual basis of accounting, which is described in Note 1 to Metro's 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, 2006

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.