

METRO NARCOTICS UNIT OF OUACHITA PARISH

*Financial Statements
For the Year Ended September 30, 2007*

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 3/26/08



**METRO NARCOTICS UNIT OF OUACHITA PARISH
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report -----	1-2
Required Supplemental Information (Part A)	
Management's Discussion and Analysis -----	3-6
Government-Wide Financial Statements	
Statement of Net Assets -----	7
Statement of Activities -----	8
Fund Financial Statements	
Governmental Funds:	
Balance Sheet -----	9
Reconciliation of the Governmental Fund Balance to the Government-Wide Statement of Net Assets -----	9
Statement of Revenues, Expenditures and Changes in Fund Balance -----	10
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities -----	10
Notes to Financial Statements -----	11-15
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> -----	16-17
Schedule of Findings and Questioned Costs -----	18-19
Schedule of Expenditures of Federal Awards -----	20
Notes to Schedule of Expenditures of Federal Awards -----	20
Schedule of Prior Year Findings -----	21

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:

P. O. Box 2474

West Monroe, LA 71294-2474

Phone (518) 322-1717

Fax (518) 322-6121

E-Mail: chhcpaa@bellmouth.net

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, 2007, 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, 2007, 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 February 29, 2008, 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.

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.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Metro Narcotics Unit of Ouachita Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
February 29, 2008

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, 2007. 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, 2007 and 2006:

	FYE 2007	FYE 2006
Beginning net assets	\$ 316,918	\$ 321,141
Increase (Decrease) in net assets	<u>135,325</u>	<u>(4,223)</u>
Ending net assets	<u>\$ 452,243</u>	<u>\$ 316,918</u>

METRO'S FUNDS

The following schedule presents a summary of revenues and expenses for the fiscal year ended September 30, 2007, and the amount and percentage of increases and decreases in relation to the prior year.

	FYE 2007 Amount	Percent of Total	Increase (Decrease) from FYE 2006	Percent Increase (Decrease)
Revenues:				
Grants	\$ 182,031	47%	\$ 60,123	49%
Forfeitures	185,434	48%	128,000	223%
Restitutions	1,250	-	1,250	100%
Auction Sales	-	-	(8,514)	(100%)
Miscellaneous	<u>18,246</u>	5%	<u>4,024</u>	28%
Total Revenues	<u>\$ 386,961</u>	100%	<u>\$ 184,883</u>	91%

Revenues for Metro increased substantially for the FYE 2007 mainly due to a significant increase in forfeitures collected during the year. Revenues increased substantially for the FYE 2007 also because Metro has significantly increased the amount of HIDTA money requested for reimbursement in anticipation of LCLE cuts.

	FYE 2006 Amount	Percent of Total	Increase (Decrease) from FYE 2005	Percent Increase (Decrease)
Revenues:				
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 2007 Amount	Percent of Total	Increase from FYE 2006	Percent Increase (Decrease)
Expenses:				
Total	\$ 251,636	100%	\$ 45,335	22%

Metro's expenses increased for the FYE 2007 mainly due to an increase in HIDTA expenses.

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

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2007 and 2006, Metro had \$173,887 and \$171,366 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles (see table next page).

	FYE 2007	FYE 2006
Buildings and improvements	\$ 65,425	\$ 65,425
Furniture and equipment	<u>108,462</u>	<u>105,941</u>
Totals	<u>\$ 173,887</u>	<u>\$ 171,366</u>

This year's additions included the purchase of two 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 another similar cut in 2007. Management of Metro is aware that LCLE funds could be cut, altogether, at any time, and hopes that the amount received from the HIDTA grant will offset any potential loss of LCLE funds.

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, 2007

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 354,047
Accounts Receivable	5,852
Grant Funds Receivable	89,409
Depreciable Capital Assets	<u>58,181</u>
<u>TOTAL ASSETS</u>	<u>\$ 507,489</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ 3,959
Due to Other Agencies	<u>51,287</u>
<u>TOTAL LIABILITIES</u>	55,246
 <u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	58,181
Unrestricted	<u>394,062</u>
Total Net Assets	<u>452,243</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 507,489</u>

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

METRO NARCOTICS UNIT OF QUACHITA PARISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<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	\$ 251,636	\$ 182,031	\$ (69,605)
Total Governmental Activities	<u>251,636</u>	<u>182,031</u>	<u>(69,605)</u>
General Revenues:			
Forfeitures			\$ 185,434
Restitutions			1,250
Auction Sales			-
Miscellaneous			9,419
Interest Earned			8,827
Total General Revenues			<u>204,930</u>
Changes in Net Assets			135,325
			<u>316,918</u>
			<u>\$ 452,243</u>

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

METRO NARCOTICS UNIT OF OUACHITA PARISH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2007

	<u>Total Governmental Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 354,047
Accrued Interest on Certificates of Deposit	2,652
Agent Cash Advances	3,200
Grant Funds Receivable	<u>89,409</u>
<u>TOTAL ASSETS</u>	<u>\$ 449,308</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ 3,959
Due to Other Agencies	<u>51,287</u>
Total Liabilities	<u>55,246</u>
<u>FUND BALANCE</u>	
Fund Balance	394,062
Total Fund Balance	<u>394,062</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 449,308</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, 2007

Governmental Fund Balance \$ 394,062

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. 58,181

Net Assets of Governmental Activities \$ 452,243

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Total Governmental Funds</u>
<u>REVENUES</u>	
Grants	\$ 182,031
Forfeitures	185,434
Restitutions	1,250
Interest Income	8,827
Miscellaneous	<u>9,419</u>
Total Revenues	386,961
 <u>EXPENDITURES</u>	
Public Safety	<u>241,659</u>
Total Expenditures	<u>241,659</u>
 <u>EXCESS OF REVENUES OVER EXPENDITURES</u>	
	145,302
 <u>FUND BALANCE AT BEGINNING OF YEAR</u>	
	<u>248,760</u>
 <u>FUND BALANCE AT END OF YEAR</u>	
	<u>\$ 394,062</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, 2007

Net Change in Fund Balance - Governmental Fund	\$ 145,302
---	------------

*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	2,521
Depreciation expense	(12,498)
	(9,977)

Change in Net Assets in Governmental Activities	<u>\$ 135,325</u>
---	-------------------

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

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 QUACHITA PARISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue Changes in Net Assets</u> <u>Governmental Activities</u>
Function/Program Activities			
<u>Primary Government:</u>			
Government Activities:			
Public Safety	\$ 251,636	\$ 182,031	\$ (69,605)
Total Governmental Activities	<u>251,636</u>	<u>182,031</u>	<u>(69,605)</u>
General Revenues:			
Forfeitures			\$ 185,434
Restitutions			1,250
Auction Sales			-
Miscellaneous			9,419
Interest Earned			8,827
Total General Revenues			<u>204,930</u>
Changes in Net Assets			135,325
<u>Net Assets - Beginning</u>			<u>316,918</u>
<u>Net Assets - Ending</u>			<u>\$ 452,243</u>

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

METRO NARCOTICS UNIT OF
QUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 1 - Summary of Significant Accounting Policies (continued)

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, 2007, Metro has cash and cash equivalents, totaling \$354,047 as follows:

Cash on Hand	\$ 2,454
Demand Deposits	226,462
Certificates of Deposit	<u>125,131</u>
Total	<u>\$ 354,047</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, 2007, are secured, as follows:

Bank Balances	\$ <u>351,769</u>
Federal Deposit Insurance	\$ 300,000
Pledged Securities (Uncollateralized)	<u>138,058</u>
Total	<u>\$ 438,058</u>

**METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

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 \$125,131 and is considered cash equivalent because it has an original maturity date within three months of the fiscal year end.

Note 3 - Receivables

At September 30, 2007, Metro has grant funds receivable totaling \$89,409 as follows:

Louisiana Commission Law Enforcement Grant	\$ 46,716
High Intensity Drug Trafficking Area Grant	<u>42,693</u>
Total	<u>\$ 89,409</u>

Note 4 - Fixed Assets

A summary of changes in fixed assets follows:

	September 30, 2006			September 30, 2007
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities:				
Depreciable Assets:				
Buildings & Improvements	\$ 65,425	\$ -	\$ -	\$ 65,425
Equipment	<u>105,941</u>	<u>2,521</u>	-	<u>108,462</u>
Total at Historical Cost	171,366	2,521	-	173,887
Less Accumulated Depreciation for:				
Buildings & Improvements	(16,064)	(3,213)	-	(19,277)
Equipment	<u>(87,144)</u>	<u>(9,285)</u>	-	<u>(96,429)</u>
Total Accumulated Depreciation	<u>(103,208)</u>	<u>(12,498)</u>	-	<u>(115,706)</u>
Government Activities				
<u>Capital Assets, Net</u>	<u>\$ 68,158</u>	<u>\$(9,977)</u>	<u>\$ -</u>	<u>\$ 58,181</u>

METRO NARCOTICS UNIT OF
QUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007

Note 4 - Fixed Assets (continued)

Depreciation expense for the year ended September 30, 2007 was charged to governmental activities as follows:

Governmental Activities:	
Public Safety	<u>\$ 12,498</u>
Total Depreciation Expense	
Governmental Activities	<u>\$ 12,498</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. 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, 2007, nor is Metro aware of any unasserted claims.

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

Mailing Address:
P. O. Box 2474
West Monroe, LA 71294-2474

Phone (518) 383-1717
Fax (518) 383-5181
E-Mail: chhpcas@bellouth.net

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

We have audited the financial statements of Metro Narcotics Unit of Ouachita Parish (Metro) as of and for the year ended September 30, 2007, and have issued our report thereon dated February 29, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control over financial reporting. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls, and accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Legislative Auditor, Metro Narcotics Unit of Ouachita Parish and federal awarding agencies 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 & Hart (APAC)

West Monroe, Louisiana
February 29, 2008

**METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

To the Board of Directors
Metro Narcotics Unit of Ouachita Parish

We have audited the financial statements of the Metro Narcotics Unit of Ouachita Parish as of and for the year ended September 30, 2007, and have issued our report thereon dated February 29, 2008. 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, 2007, 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 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
QUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2007 (continued)

Section II- Financial Statement Findings

No matters were reported.

Section III- Federal Award Findings and Question 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, 2007**

<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	B03-2-010	\$ 19,161
	16.579	B04-2-007	5,914
	16.579	B06-2-009	<u>26,362</u>
			51,437
 Executive Office of the President			
Office of National Drug Control Policy			
HIDTA	None	I5PGCP602Z	5,000
HIDTA	None	I6PGCP602Z	42,661
HIDTA	None	I7PGCP502Z	<u>73,670</u>
			<u>121,331</u>
			 <u>\$ 172,768</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, 2007

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

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.

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.

Action Taken:

Since the amount that was reimbursed by both LCLE and HIDTA for purchases of information, evidence, and services is not easily determinable, Metro 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 repaid LCLE in the current year for the funds received during 2006 and will not seek reimbursement from LCLE for future purchases of information, evidence, and services.

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.