

METRO NARCOTICS UNIT OF OUACHITA PARISH

*Financial Statements
For the Year Ended September 30, 2011*

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 MAR 21 2012



METRO NARCOTICS UNIT OF OUACHITA PARISH
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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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, 2011, 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 of Metro as of September 30, 2011, 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 24, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's financial statements as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Cameron, Hines & Hart (APAC)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Metro Narcotics Unit of Ouachita Parish provides an overview of Metro's activities for the year ended September 30, 2011. 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, 2011 and 2010

	FYE 2011	FYE 2010
Beginning net assets	\$ 600,505	\$ 570,852
Increase in net assets	<u>45,971</u>	<u>29,653</u>
Ending net assets	<u>\$ 646,476</u>	<u>\$ 600,505</u>

The following schedule presents a summary of revenues and expenses for the fiscal year ended September 30, 2011 and the amount and percentage of increases and decreases in relation to the prior year.

METRO'S FUNDS

Revenues	FYE 2011 Amount	Percent of Total	Increase (Decrease) from FYE 2010	Percent Increase (Decrease)
Grants	\$ 374,231	89%	\$ 42,500	13%
Forfeitures	41,218	10%	(20,132)	(33%)
Miscellaneous	<u>1,970</u>	<u>1%</u>	<u>209</u>	12%
Total Revenues	<u>\$ 417,419</u>	100%	<u>\$ 22,577</u>	6%

Revenues for Metro increased for the FYE 2011 due to the increase in grant money requested to cover expenditures in 2011.

Revenues	FYE 2010 Amount	Percent of Total	Increase (Decrease) from FYE 2009	Percent Increase (Decrease)
Grants	\$ 331,731	83%	\$ 42,707	15%
Forfeitures	61,350	15%	8,516	16%
Restitutions	-	-	(350)	(100%)
Miscellaneous	<u>1,761</u>	<u>1%</u>	<u>(2,239)</u>	(56%)
Total Revenues	<u>\$ 394,842</u>	100%	<u>\$ 48,634</u>	14%

Revenues for Metro increased for the FYE 2010 due to the increase in grant money requested to cover expenditures in 2010

Expenses	FYE 2011 Amount	Percent of Total	Increase (Decrease) from FYE 2010	Percent Increase (Decrease)
Total	\$ 371,448	100%	\$ 6,411	2%

Metro's expenses increased in FYE 2011 mainly due to the increase in expenditures directly related to reducing drug usage and trafficking

METRO'S FUNDS (continued)

	FYE 2010 Amount	Percent of Total	Increase (Decrease) from FYE 2009	Percent Increase (Decrease)
Expenses				
Total	\$ 365,037	100%	\$ 29 000	8%

Metro's expenses increased in FYE 2010 mainly due to the increase in expenditures directly related to reducing drug usage and trafficking

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of September 30, 2011 and 2010, Metro had \$198,824 and \$198,824 invested in capital assets including buildings and improvements, furniture and fixtures, equipment, and vehicles

	FYE 2011	FYE 2010
Buildings and improvements	\$ 65,425	\$ 65,425
Furniture and equipment	<u>133,399</u>	<u>133,399</u>
Totals	<u>\$ 198,824</u>	<u>\$ 198,824</u>

ECONOMIC FACTORS AND NEXT YEAR'S REVENUES

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

CONTACTING METRO'S FINANCIAL MANAGEMENT

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

Amy Campbell
Financial Officer

METRO NARCOTICS UNIT OF OUACHITA PARISH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 583,999
Accounts Receivable	3,512
Grant Funds Receivable	40,721
Depreciable Capital Assets	<u>46,914</u>
<u>TOTAL ASSETS</u>	<u>\$ 675,146</u>
 <u>LIABILITIES</u>	
Accounts Payable	\$ -
Due to Other Agencies	<u>28,670</u>
<u>TOTAL LIABILITIES</u>	28,670
 <u>NET ASSETS</u>	
Invested in Capital Assets, Net of Related Debt	46,914
Unrestricted	<u>599,562</u>
Total Net Assets	<u>646,476</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 675,146</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, 2011

Function/Program Activities	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue Changes in Net Assets</u> <u>Governmental Activities</u>
<u>Primary Government:</u>			
Government Activities:			
Public Safety	\$ 371,448	\$ 374,231	\$ 2,783
Total Governmental Activities	<u>371,448</u>	<u>374,231</u>	<u>2,783</u>
 General Revenues:			
Forfeitures			41,218
Miscellaneous			625
Interest Earned			<u>1,345</u>
Total General Revenues			<u>43,188</u>
Changes in Net Assets			45,971
<u>Net Assets - Beginning</u>			<u>600,505</u>
<u>Net Assets - Ending</u>			<u>\$ 646,476</u>

The accompanying notes are an integral part of this financial statement

METRO NARCOTICS UNIT OF OLACHITA PARISH
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	<u>Total Governmental Funds</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 583,999
Accrued Interest on Certificates of Deposit	312
Agent Cash Advances	3,200
Grant Funds Receivable	<u>40,721</u>
<u>TOTAL ASSETS</u>	<u>\$ 628,232</u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable	\$ -
Due to Other Agencies	<u>28,670</u>
Total Liabilities	<u>28,670</u>
<u>FUND BALANCE</u>	
Fund Balance	
Unassigned	<u>599,562</u>
Total Fund Balance	<u>599,562</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$ 628,232</u>

METRO NARCOTICS UNIT OF OUACHITA PARISH
RECONCILIATION OF GOVERNMENTAL
FUND BALANCE TO NET ASSETS OF
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

Governmental Fund Balance \$ 599,562

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 46,914

Net Assets of Governmental Activities \$ 646,476

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 FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	<u>Total Governmental Funds</u>
<u>REVENUES</u>	
Grants	\$ 374,231
Forfeitures	41,218
Interest Income	1,345
Miscellaneous	625
Total Revenues	<u>417,419</u>
<u>EXPENDITURES</u>	
Public Safety	<u>362,950</u>
Total Expenditures	<u>362,950</u>
<u>EXCESS OF REVENUES OVER EXPENDITURES</u>	54,469
<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>545,093</u>
<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 599,562</u>

METRO NARCOTICS UNIT OF OUACHITA PARISH
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Net Change in Fund Balance - Governmental Fund	\$	54,469
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*Amounts reported for governmental activities
in the statement of activities are different
because*

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

Capital asset purchases capitalized		-
Depreciation expense		(8,496)
		(8,496)

Change in Net Assets in Governmental Activities	\$	45,973
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The accompanying notes are an integral part of this financial statement

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

C Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

D Fund Accounting

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

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

General Fund

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

E Presentation of Statements

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

MI TRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Note 1 - Summary of Significant Accounting Policies (continued)

1 Fund Equity

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

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

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

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

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

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

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

G Estimates

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

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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 pledged 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, 2011.

At September 30, 2011, Metro has cash and cash equivalents totaling \$583,999 as follows:

Cash on Hand	\$ 3,011
Demand Deposits	445,803
Certificates of Deposit	<u>135,185</u>
Total	\$ 583,999

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, 2011 are secured, as follows:

Bank Balances	\$ <u>503,987</u>
Federal Deposit Insurance	\$ 500,000
Pledged Securities (Uncollateralized)	<u>287,852</u>
Total	\$ 787,852

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 \$135,185 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, 2011, Metro has grant funds receivable totaling \$40,721 as follows:

Louisiana Commission Law Enforcement Grant	\$ 12,711
High Intensity Drug Trafficking Area Grant	<u>28,010</u>
Total	\$ 40,721

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Note 4 - Fixed Assets

A summary of changes in fixed assets follows

	September 30, 2010			September 30, 2011
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Government Activities				
Depreciable Assets				
Buildings & Improvements	\$ 65,425	\$ -	\$ -	\$ 65,425
Equipment	<u>133,399</u>	<u>-</u>	<u>-</u>	<u>133,399</u>
Total at Historical Cost	198,824	-	-	198,824
Less Accumulated Depreciation for				
Buildings & Improvements	(28,916)	(3,213)	-	(32,129)
Equipment	<u>(114,498)</u>	<u>(5,283)</u>	<u>-</u>	<u>(119,781)</u>
Total Accumulated Depreciation	<u>(143,414)</u>	<u>(8,496)</u>	<u>-</u>	<u>(151,910)</u>
<u>Government Activities</u>				
<u>Capital Assets, Net</u>	\$ 55,410	\$ (8,496)	\$ -	\$ 46,914

Depreciation expense for the year ended September 30, 2011 was charged to governmental activities as follows

Governmental Activities	
Public Safety	\$ <u>8,496</u>
Total Depreciation Expense	
Governmental Activities	\$ 8,496

Note 5 - Federal Award Programs

Metro receives revenues from the Louisiana Commission Law Enforcement federal grant and the Gulf Coast High Intensity Drug Trafficking Area Grant which are subject to final review and approval as to the allowability of expenditures by the grantor agency. Any settlements or expenses arising out of a final review are recognized in the period agreed upon by the agency and Metro. Also, it is management's opinion that any audits by the grantor agency would not produce disallowed program costs and liabilities to such an extent that they would materially affect Metro's financial position. During the year ended September 30, 2011 Metro had the following expenditures related to the grants:

Louisiana Commission Law Enforcement (LCLF)	\$ 162,424
Gulf Coast High Intensity Drug Trafficking Area Grant (HIDTA)	<u>211,807</u>
	\$ 374,231

METRO NARCOTICS UNIT OF
OUACHITA PARISH
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

Note 5 - Federal Award Programs (continued)

The LCLE grant has not been approved for the months starting in July 2011. Metro expects to receive the grant money and will recognize the revenue in fiscal year 2012.

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 - Subsequent Events

Subsequent events have been evaluated through February 24, 2012, which is the day the financial statements were available to be issued, and it has been determined that no significant events have occurred for disclosure.

CAMERON, HINES & HARTT

(A Professional Accounting Corporation)

Certified Public Accountants

104 Regency Place

West Monroe, Louisiana 71291

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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 AUDITING 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 (Metro) as of and for the year ended September 30, 2011, which collectively comprise Metro's basic financial statements and have issued our report thereon dated February 24, 2012. 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. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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*.

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, the Legislative Auditor Metro Narcotics Unit of Ouachita Parish and 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 & Hunt (CAAC)

West Monroe, Louisiana
February 24, 2012

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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, 2011, and have issued our report thereon dated February 24, 2012. 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, 2011, 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
OUACHITA PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011 (continued)

Section II- Financial Statement Findings

No matters were reported

Section III- Federal Award Findings and Question Costs

This section is not applicable for this entity

METRO NARCOTICS UNIT OF
OUACHITA PARISH
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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

This section is not applicable for this entity

Section II - Internal Control and Compliance Material to Federal Awards

This section is not applicable for this entity

Section III - Management Letter

No management letter was issued