

**LAFAYETTE METRO NARCOTICS  
TASK FORCE**

Financial Report

Year Ended December 31, 2003

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

Release Date 7-28-04

**TABLE OF CONTENTS**

	<u>Page No.</u>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	3-6
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Assets	7
Statement of Activities	8
<b>Fund Financial Statements:</b>	
Combined Balance Sheet - Governmental Fund Type and Account Group	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type - General Fund	10
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	12
Notes to the Financial Statements	13-20
<b>COMPLIANCE AND INTERNAL CONTROL</b>	21
Independent auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an audit of the Basic Financial Statements Performed in Accordance with Government Auditing Standards	23-24
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Prior Year Audit Findings	25
Schedule of Finding and Questioned Costs	26
Management's Corrective Action Plan	27



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Other Locations:

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

We have audited the accompanying basic financial statements of the Lafayette Metro Narcotics Task Force, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Lafayette Metro Narcotics Task Force's management. Our responsibility is to express an opinion on these basic 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Metro Narcotics Task Force, as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Lafayette Metro Narcotics Task Force adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments; Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments; Drafting and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expectancies in Governmental Fund Financial Statements, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

In accordance with Governmental Auditing Standards, we have also issued a report dated April 21, 2004 on our consideration of the Lafayette Metro Narcotics Task Force's compliance and an internal control over financial reporting.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as "Supplementary Information" is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Lafayette Metro Narcotics Task Force. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis on pages 3 through 6, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Dorval, Siler & Finkbeiner*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 23, 2004

Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2003

As management of the Lafayette Metro Narcotics Task Force, we offer readers of the Lafayette Metro Narcotics Task Force's financial statements this narrative overview and analysis of the financial activities of the Task Force for the fiscal year ended December 31, 2003.

**Financial Highlights**

- The assets of the Lafayette Metro Narcotics Task Force exceeded its liabilities at the close of the fiscal year ended December 31, 2003 by \$282,217 (net assets). Of this amount, \$193,778 (percent of net assets) may be used to meet the Task Force's ongoing obligations to creditors.
- The Task Force's total net assets increased by 160,789. A portion of this increase can be attributed to a \$40,800 increase in intergovernmental revenues from the City of Lafayette and the Lafayette Parish Sheriff.
- As of the close of the current fiscal year, the Task Force's governmental funds reported combined ending fund balances of \$348,271, an increase of \$48,184. Of this amount, \$193,778 is available for spending at the government's discretion (*unreserved fund balances*) for future general government expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Lafayette Metro Narcotics Task Force's basic financial statements. The Task Force's basic financial statements are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements*, and 3) *Notes to the Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the Task Force's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the Task Force's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Task Force is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that may result in cash flows in future fiscal periods.

The *Government-wide Financial Statements* distinguish functions of the Lafayette Metro Narcotics Task Force that are principally supported by forfeitures, restitutions, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through charges (business-type activities). The governmental activities of the Task Force include general government expenses incurred in the Task Force's mission of facilitating

Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2003**

investigation and analytical studies of controlled substances and, when necessary under lawful rules, take into custody all persons accused of committing criminal violations with the emphasis on controlled substances. The Task Force had no business-type activities to report.

The *Government-wide Financial Statements* can be found on pages 7 and 8 of this report. The *Governmental Fund Financial Statements* can be found on pages 9 and 10 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Lafayette Metro Narcotics Task Force, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Task Force are *governmental funds*.

*Governmental funds* are used to account for essentially the same functions reported in governmental activities in the *Government-wide Financial Statements*. However, unlike the *Government-wide Financial Statements*, *Governmental Fund Financial Statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the *Government-wide Financial Statements*, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the *Government-wide Financial Statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the *Governmental Funds Balance Sheet* and the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Task Force maintains one individual governmental fund. Information is presented separately in the *Governmental Fund Balance Sheet* and in the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for the general fund.

The Lafayette Metro Narcotics Task Force adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the *Government-wide and Fund Financial Statements*. The notes to the financial statements can be found on pages 11 through 20 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Lafayette Metro Narcotics Task Force, assets exceeded liabilities by \$281,217 at the close of the most recent fiscal year.

Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2002**

The largest portion of the Task Force's net assets (85%) reflects its cash and interest-bearing deposits.

**Net Assets**

	Government Activities	
	2002	2001
Current and other assets	\$198,944	\$286,700
Noncurrent assets	\$77,940	\$20,315
Total assets	\$276,884	\$307,015
Other liabilities	\$2,667	\$1,607
Total liabilities	\$2,667	\$1,607
Net Assets:		
Invested in capital assets	\$75,940	\$20,315
Restricted for prepaid expenses	\$52,409	\$41,807
Unrestricted	\$148,535	\$184,893
Total Net Assets	\$276,884	\$307,015

At the end of the current fiscal year, the Task Force is able to report a positive balance in net assets. The same is true for the prior fiscal year.

**Governmental activities.** Governmental activities increased the Task Force's net assets by \$48,184. Key elements of this increase are as follows:

**Changes in Net Assets**

	Government Activities	
	2002	2001
Revenues:		
General Revenues:		
Fees/charges	\$25,518	\$48,207
Revenues	\$4,518	\$4,400
Intergovernmental	1,000,000	668,000
Interest	\$1,209	\$2,046
Total Revenues	\$731,245	\$118,653
Expenses:		
General government	\$112,368	\$147,301
Increase in net assets	\$48,184	\$8,748
Net assets - beginning	\$198,697	\$189,903
Net assets - ending	\$246,881	\$198,651

- General Government expenses increased by \$4,429. For 2002, Task Force made a \$20,000 investment in certain costs related to the acquisition of computer and police equipment.

Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2003**

**Financial Analysis of Government's Funds**

As noted earlier, the Lafayette Metro Narcotics Task Force uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Task Force's governmental funds is to provide information on non-current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Task Force's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Lafayette Metro Narcotics Task Force's Governmental Fund (General Fund) reported combined ending fund balances of \$246,273, an increase of \$48,184 in comparison with the prior year. Of this amount, \$193,778 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is already committed.

As a measure of the general funds liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. The unreserved fund balance and total fund balance represent approximately 137 and 162 percent of total general fund expenditures, respectively.

**Capital Asset Administration**

**Capital assets.** The Lafayette Metro Narcotics Task Force's investment in capital assets for its governmental activities as of December 31, 2003 amounts to \$23,940 (net of accumulated depreciation). This investment in capital assets includes computer and police equipment. The total increase in the Task Force's investment in capital assets for the current fiscal year was 43 percent.

Major capital asset events during the current fiscal year included the following:

- Police equipment including receivers, repeaters, transmitters, a tracking unit, and a monitoring system was acquired at a cost of \$27,283
- Computer equipment and software including tracking software, computer, and scanner was acquired at a cost of \$4,685

Additional information on the Lafayette Metro Narcotics Task Force's capital assets can be found in Note 1 on page 15 of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the Lafayette Metro Narcotics Task Force's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Erich Sibille, CPA, Lafayette Metro Narcotics Task Force, P.O. Box 6059, Lafayette, Louisiana, 70504-0009.



## LAFAYETTE METRO NARCOTICS TASK FORCE

Statement of Net Assets  
December 31, 2001

<b>ASSETS</b>	
Current assets:	
Cash	\$ 17,648
Interest-bearing deposits, at cost	89,668
Receivables:	
Due from other governmental agencies	68,817
Other	300
Prepaid insurance	32,499
Total current assets	<u>208,932</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>15,940</u>
Total noncurrent assets	<u>15,940</u>
Total assets	<u>\$ 224,872</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	<u>1,607</u>
Total liabilities	<u>1,607</u>
<b>NET ASSETS</b>	
Invested in capital assets	15,940
Restated	
Prepaid insurance	32,499
Unrestricted	<u>176,433</u>
Total net assets	<u>\$ 224,872</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO NARCOTICS TASK FORCE

Statement of Activities  
For the Year Ended December 31, 2003

Function/Program	Expenses	Program	Net (Expense)
		Revenues	Revenue and Changes in Net Assets Governmental Activities
		Charges	
Government Activities			
General government	136,636	-	(136,636)
Total governmental activities	136,636	-	(136,636)
General revenues:			
Furniture			63,000
Furniture			4,000
Intergovernmental			190,000
Interest			1,580
Total general revenues			358,580
Change in net assets			63,789
Net assets beginning			218,636
Net assets ending			282,425

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Balance Sheet - Governmental Fund  
December 31, 2001

	<u>General Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>		
Cash	\$ 17,648	\$ 17,648
Interest-bearing deposits, at cost	99,663	99,663
Receivables -		
Due from other governmental agencies	68,937	68,937
Other	200	200
Prepaid insurance	32,499	32,499
Total assets	<u>\$ 248,944</u>	<u>\$ 248,944</u>
<b>LIABILITIES AND FUND EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 2,682	\$ 2,682
Total liabilities	<u>2,682</u>	<u>2,682</u>
<b>Fund balance -</b>		
Reserved	32,499	32,499
Unreserved, undesignated	183,718	183,718
Total fund balance	<u>248,217</u>	<u>248,217</u>
Total liabilities and fund equity	<u>\$ 248,944</u>	

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.	<u>15,548</u>
Net assets of governmental activities	<u>\$ 263,312</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE METRO NARCOTICS TASK FORCE**  
Lafayette, Louisiana

**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance -  
Governmental Fund Type - General Fund  
Year Ended December 31, 2000**

<b>Revenues:</b>	
Furloughs	\$ 95,914
Restitutions	4,936
Intergovernmental revenues -	
City of Lafayette	90,800
Lafayette Parish Sheriff	90,800
Interest	1,500
Total revenues	<u>280,442</u>
<b>Expenditures:</b>	
Current -	
Public safety:	
Equipment rent	22,845
Liability insurance	62,507
Maintenance	1,285
Office	1,917
Uniforms	1,171
Investigations	10,271
Training	12,289
Carine	1,248
Supplies and small equipment	8,817
Professional fees	2,250
Other	497
Capital outlay -	
Equipment	<u>26,054</u>
Total expenditures	<u>192,281</u>
Excess of revenues over expenditures	88,161
Fund balance, beginning	<u>198,091</u>
Fund balance, ending	<u>\$286,252</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Reconciliation of the Statement of Revenues, Expenditures,  
And Changes in Fund Balance of Governmental Funds  
To the Statement of Activities  
For the Year Ended December 31, 2003

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

Net change in fund balances-total governmental funds	\$ 48,184
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the related items.	<u>12,603</u>
Changes in net assets of governmental activities	<u>\$ 60,787</u>

The accompanying notes are an integral part of this statement.

**LAFAYETTE METRO NARCOTICS TASK FORCE**  
Lafayette, Louisiana

**Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual - General Fund  
Year Ended December 31, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Fees/charges	\$ 91,000	\$ 93,900	\$ 2,900
Revolving	3,000	4,000	1,000
Intergovernmental revenues	100,000	100,000	-
Interest	2,000	1,000	(900)
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>196,000</u>	<u>198,900</u>	<u>2,900</u>
<b>Expenditures:</b>			
<b>Current -</b>			
<b>Public safety:</b>			
Equipment rent	20,000	22,000	2,000
Liability insurance	50,000	62,500	(12,500)
Maintenance	2,000	1,200	800
Office	3,000	1,917	1,083
Uniforms	700	1,170	(470)
Investigations	13,500	10,270	3,230
Training	8,000	12,200	(4,200)
Clothing	2,000	1,300	700
Supplies and small equipment	3,000	8,017	(5,017)
Professional fees	10,000	3,000	7,000
Other	1,000	400	1,600
<b>Capital outlay -</b>			
Equipment	20,000	20,000	-
<b>Total expenditures</b>	<u>181,450</u>	<u>192,780</u>	<u>11,330</u>
<b>Excess of revenues (under)     over expenditures</b>	(1,150)	48,180	49,330
<b>Fund balance, beginning</b>	<u>198,000</u>	<u>198,000</u>	<u>-</u>
<b>Fund balance, ending</b>	<u>\$ 196,850</u>	<u>\$ 246,180</u>	<u>\$ 49,330</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Metro Narcotics Task Force (Task Force) was formed by a joint powers agreement entered into on November 17, 1988, between the City of Lafayette, the University of Southwestern Louisiana, the District Attorney of the Fifthth Judicial District, and the Lafayette Parish Sheriff. The Task Force's primary responsibility is to perform investigations and analytical studies of controlled substances and, where necessary under lawful rules, take into custody all persons accused of committing criminal violations with the emphasis on controlled substances.

The Lafayette Metro Narcotics Agency was terminated on October 3, 2000 through an agreement between the Lafayette City-Parish Consolidated Government, the University of Louisiana at Lafayette (formerly known as the "University of Southwestern Louisiana"), the District Attorney for the Fifthth Judicial District, and the Sheriff of Lafayette Parish. The Task Force was formed by a joint powers agreement entered into on October 3, 2000, between the Lafayette City-Parish Consolidated Government and the Lafayette Parish Sheriff's Department. The Task Force's primary responsibility is to continue the elimination of illegal controlled substance activities that presently exist within Lafayette Parish as previously implemented by the Lafayette Metro Narcotics Agency.

The accounting and reporting policies of the Task Force conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:113, as well as 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.

The following is a summary of certain significant accounting policies:

**Financial Reporting Entity**

For financial reporting purposes, the Task Force includes all funds and account groups, activities, or centers, that are controlled by the Task Force. The Task Force is solely responsible for the operations of its affairs, which includes authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Task Force's office that are paid or provided by the members of the joint agreement, the Task Force is financially independent. Accordingly, the Task Force is a separate governmental reporting entity. Certain units of local government, over which the Task Force exercises an oversight responsibility, such as the parish officials and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Task Force.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Fiduciaries* and other revenues are reported as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 revenues in the year for which they are levied.

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, the government considers revenues to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Earned grant revenues and other intergovernmental revenues, and interest on investments are considered susceptible to accrual.

The Task Force reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Task Force reports all revenues as general revenues.



LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Donated assets are immaterial.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Police equipment	5-7
Computer equipment	3-5

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Forfeited Assets

The Task Force acquires various assets which are forfeited by defendants in accordance with judgments rendered by the courts in certain drug-related cases. It is the policy of the agency to sell all forfeited assets and record the proceeds as revenue at the time of the sale. As December 31, 2003, the Task Force has numerous assets which have not been sold and are not reported in the accompanying general purpose financial statements.

Budget and Budgetary Accounting

The Task Force follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) The controller prepares a proposed budget and submits it to the Board of Directors for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget and Budgetary Accounting (Continued)

- 1) The proposed budget is made available for public inspection.
- 2) The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- 3) All budgetary appropriations lapse at the end of each fiscal year.
- 4) The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Board.

Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market.

Fund Balance

Reserves represent those portions of fund balance not appropriate for expenditures or legally segregated for a specific use.

The reserve was created to represent the portion of fund balance that is not available for expenditures within the next budgetary period.

Vacation, Sick Leave, and Pension Plan

The Task Force had no employees during the year ended December 31, 2013; therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Task Force as an extension of formal budgetary integration in the funds.

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

**LAFAYETTE METRO NARCOTICS TASK FORCE**  
Lafayette, Louisiana

**Notes to Financial Statements**

**NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

The governmental fund balance sheet includes a reconciliation between *fund balances-total governmental funds and net assets*. The \$33,840 difference is due to capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

**NOTE 3 EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that Governmental Funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$33,840 difference are as follows:

Depreciation expense	\$ 30,449
Capital outlay	<u>28,024</u>
Net adjustment to increase net changes in Fund balances-total governmental funds To arrive at changes in net assets of governmental activities	<b><u>\$ 33,840</u></b>

**NOTE 4 CASH AND INTEREST-BEARING DEPOSITS**

Under state law, the Task Force may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Task Force may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Included in total cash and interest-bearing deposits of \$117,393 is \$27,848 which is held by the Task Force for use in drug-related investigations. At December 31, 2005, the Task Force has cash and interest-bearing (fund balances) totaling \$117,393, as follows:

Cash	\$ 27,848
Interest-bearing deposits	<u>89,545</u>
	<b><u>\$ 117,393</u></b>

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (as the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is normally acceptable to both parties. Deposit balances (bank balances) at December 31, 2003, are secured as follows:

Bank balances	<u>\$ 303,476</u>
Federal deposit insurance	\$ 300,000
Pledged Securities (Category 1)	<u>    426</u>
Total federal insurance and pledged securities	<u>\$ 603,902</u>

The deposits of the Task Force are also included in the securities pledged (Category 1) on behalf of the Lafayette Parish Sheriff Department. Pledged securities in Category 1 include unsecured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Task Force's name. Even though the pledged securities are considered uncollateralized (Category 1) Louisiana Revised Statute 39:1219 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Task Force that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 5 DUE FROM OTHER GOVERNMENTAL AGENCIES

The Task Force has amounts due from other governmental agencies at December 31, 2003, as follows:

District Attorney	\$18,977
Lafayette-Consolidated Government	58,000
Department of Public Safety	<u>    283</u>
	<u>\$ 77,260</u>

NOTE 6 CAPITAL ASSETS

The following presentation states capital assets from the general fixed asset account group at December 31, 2003:

**LAFAYETTE METRO-NARCOTICS TASK FORCE**  
Lafayette, Louisiana

Notes to Financial Statements

**NOTE 6: CAPITAL ASSETS (CONTINUED)**

	<u>Police and Computer Equipment</u>	<u>Total</u>
Cost at December 31, 2002 (as reported in the general fixed asset account group)	\$ 198,000	\$ 198,000
Items below the established capitalization threshold for capital assets	<u>32,473</u>	<u>32,473</u>
Cost of capital assets, December 31, 2002	165,526	165,526
Accumulated depreciation, December 31, 2002	<u>147,282</u>	<u>147,282</u>
Capital assets, net of depreciation, at December 31, 2002	<u>\$ 18,244</u>	<u>\$ 18,244</u>
Cost at December 31, 2003	\$ 187,538	\$ 187,538
Additions	26,094	26,094
Deletions	<u>7</u>	<u>7</u>
Cost at December 31, 2003	<u>187,562</u>	<u>187,562</u>
Depreciation:		
Accumulated depreciation, December 31, 2003	147,282	147,282
Additions	<u>18,450</u>	<u>18,450</u>
Accumulated depreciation, December 31, 2003	<u>165,732</u>	<u>165,732</u>
Capital assets, net of depreciation, at December 31, 2003	<u>\$ 21,830</u>	<u>\$ 21,830</u>

**NOTE 7: EXPENDITURES OF THE TASK FORCE'S OFFICE PAID BY THE MEMBERS OF THE JOINT AGREEMENT**

The Task Force's deputies are employees of and the vehicles used are owned by the Lafayette Parish Sheriff or the Lafayette City-Parish Consolidated Government. All related expenses are paid by these two governmental bodies. Accordingly, these expenses are not included in the accompanying general purpose financial statements.

**NOTE 8: BOARD MEMBERS**

During the year ended December 31, 2003, the following individuals served on the Board of Directors and received no compensation:

Michael Neutron  
Art Lefevre  
Mark Lambert  
Keith Sible

LAFAYETTE METRO-NARCOTICS TASK FORCE  
Lafayette, Louisiana

Notes to Financial Statements

**NOTE 5 LITIGATION AND CLAIMS**

The Task Force is, from time to time, involved in lawsuits arising in the ordinary course of its business that, in the opinion of management, will not have a material effect on the Task Force's results of operations.

## SUPPLEMENTARY INFORMATION

COMPLIANCE  
AND  
INTERNAL CONTROL





A Department of Louisiana State Government

James E. Gravel, CPA, Director (504)

Michael B. Smith, CPA, Assistant Director

W. Lynn Wilson, CPA, CFE, CVA, CFF

Thomas P. Frazier, CPA

Clyde E. Gravel, CPA, CVA

Wayne W. Hester, III, CPA

Stephen M. Hightower, CPA

John P. Adams, CPA

Heather E. Taylor, CPA, CFF

William R. Smith, CPA, CVA

Stephanie L. Smith, CPA

Michael J. Smith, CPA

\*\*\*\*\*

Matthew J. Gravel, CPA

Mark S. Lewis, III, CPA, CFF

James T. Lundy, CPA

Gregory M. Taylor, CPA

Thomas G. Smith, CPA

James E. Smith, CPA

Michelle R. Gravel, CPA

Anthony M. Smith, CPA

Kevin M. Torres, CPA

Matthew A. Taylor, CPA

Adam J. Cook, CPA

Charles Smith, CPA

Other Locations

221 N. South Street

Monroe, LA 70501

(225) 335-4444

1201 Highway 100 West

Shreveport, LA 71201

(337) 425-4444

401 Pine Street

Baton Rouge, LA 70801

(225) 383-4444

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

Lafayette Metro Narcotics Task Force  
Lafayette, Louisiana

We have audited the general purpose financial statements of the Lafayette Metro Narcotics Task Force for the year ended December 31, 2003, and have issued our report thereon dated April 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Lafayette Metro Narcotics Task Force'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 assurance on the internal control over financial reporting. However, we noted a certain matter 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 the Lafayette Metro Narcotics Task Force's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying summary schedule of findings and questioned costs as item 05-1.

Approved by  
Assistant Director of  
Government Auditing Standards

Director of Louisiana  
Department of Transportation and  
Development

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 suitably low level the risk that misstatements 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. We believe the reportable condition described in the accompanying schedule of findings and questioned costs as Item 03-1 is a material weakness.

This report is intended solely for the information and use of management, the Lafayette Parish Sheriff, and the Lafayette City-Parish Consolidated Government, and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:113, this report is distributed by the Legislative Auditor as a public document.

### *Douglas Allen & Associates*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 21, 2004

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Schedule of Prior Year Audit Findings  
Year Ended December 31, 2003

00-1      Finding:    Individual Separation of Accounting Functions  
Status:      This finding is unresolved. See Current Year Finding 01-1.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2003

**PART 1 SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Auditor's Report

An unqualified opinion has been issued on the Lafayette Metro Narcotics Task Force's financial statements as of and for the year ended December 31, 2003.

Reportable Conditions - Financial Reporting

A reportable condition in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as Item 00-1 in Part 2, and is considered a material weakness.

Material Noncompliance - Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

**FEDERAL AWARDS**

This section is not applicable.

**PART 2 FINDINGS RELATED TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**00-1 Individual Segregation of Accounting Functions**

Finding:

Due to the small number of accounting personnel, the Task Force did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional accounting personnel, it may not be feasible to achieve complete segregation of duties.

**PART 3 FINDINGS AND QUESTIONED COSTS RELATED TO THE FEDERAL PROGRAMS**

This section is not applicable.

LAFAYETTE METRO NARCOTICS TASK FORCE  
Lafayette, Louisiana

Management's Corrective Action Plan  
Year Ended December 31, 2003

- 03-1 Based upon the cost-benefit of additional personnel, it may not be feasible to achieve segregation of accounting functions.