

LAFAYETTE METRO INVESTIGATIONS

Financial Report

Year Ended December 31, 2014

TABLE OF CONTENTS

	Page No.
FINANCIAL SECTION	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet - Governmental Fund	9
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type - General Fund	10
Reconciliation of the Statement 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	13-21
INTERNAL CONTROL AND COMPLIANCE	23
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	24-25
OTHER SUPPLEMENTARY INFORMATION	
Schedule of Prior Year Audit Findings	26
Schedule of Finding and Questioned Costs	27-28
Management's Corrective Action Plan	29
Schedule of Compensation, Benefits, and Other Payments to Director	30



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Lafayette Metro Investigations
Lafayette, Louisiana

We have audited the accompanying financial statements of the governmental activities and each major fund of Lafayette Metro Investigations ("Metro Units") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Metro Unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lafayette Metro Investigations, as of December 31, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

A Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

E. Larry Sikes, CPA/PFS, CVA, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA/PFS
Erich G. Loewer, III, CPA, M.S. Tax
Stephen R. Dischler, MBA, CPA
Pamela Mayeux Bonin, CPA, CVA
Craig C. Babineaux, CPA/PFS, CFP®
Jeremy C. Meaux, CPA
Chad M. Bailey, CPA
Adam J. Curry, CPA, CFP®
Kyle P. Saltzman, CPA
Blaine M. Crochet, CPA, M.S.

Kathleen T. Darnall, CPA
Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Jacob C. Roberie, CPA
Brandon R. Dunphy, CPA

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 12 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lafayette Metro Investigations' basic financial statements. The Management's Discussion and Analysis and the schedule of compensation, benefits, and other payments to the Captain are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Management's Discussion and Analysis on pages 3 through 6 have 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 them.

The schedule of compensation, benefits and other payments to the Captain is the responsibility of management and is derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to the Captain is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 9, 2015, on our consideration of the Lafayette Metro Investigations internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lafayette Metro Investigations internal control over financial reporting and compliance.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana
June 9, 2015

Lafayette Metro Investigations
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

As management of Lafayette Metro Investigations ("Metro Units"), we offer readers of Metro Units' financial statements this narrative overview and analysis of the financial activities of Metro Units for the fiscal year ended December 31, 2014.

Financial Highlights

- The assets of the Metro Units exceeded its liabilities at the close of the fiscal year ended December 31, 2014, by \$610,549 (*net position*). Of this amount, \$522,985 (*unrestricted net position*) may be used to meet Metro Units' ongoing obligations to creditors.
- As of the close of the current fiscal year Lafayette Metro Investigations' governmental funds reported combined ending fund balances of \$566,297 an increase of \$31,532. Of this amount, \$522,985 is available for spending at the government's discretion (*unreserved fund balance*) for future general government expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Metro Units' basic financial statements. The Metro Units' 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 Metro Units' finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the government's *net position* changed during the most recent fiscal year. All changes in *net position* 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 Metro Units 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*).

Lafayette Metro Investigations
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

The *governmental activities* of the Metro Units include general government expenses incurred in the Metro Units' mission of facilitating investigations 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 Metro Units have 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 Metro Units, 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 Metro Units are *governmental funds*.

Governmental funds are used to account for essentially the same functions reported as *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 Metro Units maintain 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 Investigations adopts, for each unit, an annual budget for its general fund. A budgetary comparative statement has been provided on page 12 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 13 through 21 of this report.

Government-wide Financial Analysis As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Metro Units, assets exceeded liabilities by \$610,549 at the close of the most recent fiscal year.

Lafayette Metro Investigations
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

The largest portion of the Metro Units' net position (85%) reflects its cash and interest-bearing deposits.

Net Position

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
Current and other assets	\$566,175	\$553,933
Noncurrent assets	\$49,252	\$31,187
Total assets	\$615,427	\$585,120
Other liabilities	\$4,878	\$24,168
Total liabilities	\$4,878	\$24,168
Net Position:		
Invested in capital assets	\$44,252	\$26,187
Restricted for prepaid expenses	\$43,312	\$42,962
Unrestricted	\$522,985	\$491,803
Total Net Position	\$610,549	\$560,952

At the end of the current fiscal year, the Metro Units are able to report a positive balance in net position. The same is true for the prior fiscal year.

Governmental activities. Governmental activities increased the Metro Units' net position by \$49,597. Key elements of this increase are as follows:

Changes in Net Position

	<u>Government Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues:		
General Revenues:		
Forfeitures	\$214,002	\$269,085
Restitution	\$8,330	\$6,979
Intergovernmental	\$64,490	\$20,000
Interest	\$1,430	\$1,290
Miscellaneous	\$1,812	\$5,213
Total Revenues	\$290,064	\$302,567
Expenses:		
General government	\$240,467	\$230,466
Change in net position	\$49,597	\$72,101
Net position - beginning	\$560,952	\$488,851
Net position - ending	\$610,549	\$560,952

- Total general revenues decreased by \$12,503, while General Government expenses increased by \$10,001.

Lafayette Metro Investigations
Lafayette, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

Financial Analysis of Government's Funds

As noted earlier, the Metro Units use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Metro Units' *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Metro Units' 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 Metro Units' *Governmental Fund* (General Fund) reported combined ending fund balances of \$566,297, an increase of \$31,532 in comparison with the prior year. Of this amount, \$522,985 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 202 and 219 percent of total general fund expenditures, respectively.

Capital Asset Administration

Capital assets. The Metro Units' investment in capital assets for its governmental activities as of December 31, 2014 amounts to \$44,252 (net of accumulated depreciation). This investment in capital assets includes computers, police equipment and leasehold improvements.

There was \$25,158 of capital assets added and \$7,169 of capital assets disposed during the current fiscal year.

Additional information on the Metro Units' capital assets can be found in Note 1 on pages 15 and 16 of this report.

Requests for Information

This financial report is designed to provide a general overview of the Metro Units' 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 Keith Sibille, CFO, Lafayette Metro Investigation, P.O. Box 60309, Lafayette, Louisiana, 70596-0309.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Statement of Net Position
December 31, 2014

ASSETS

Current assets:

Cash	\$ 29,000
Interest-bearing deposits, at cost	490,207
Receivables -	
Due from other governmental agencies	8,656
Prepaid insurance	31,500
Prepaid maintenance	1,462
Prepaid rent	5,350
Total current assets	<u>566,175</u>

Noncurrent assets:

Capital assets, net of accumulated depreciation	44,252
Security deposit	<u>5,000</u>
Total noncurrent assets	<u>49,252</u>
Total assets	<u>\$ 615,427</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ <u>4,878</u>
Total liabilities	<u>4,878</u>

NET POSITION

Invested in capital assets	44,252
Restricted	
Prepaid insurance	31,500
Prepaid maintenance	1,462
Prepaid rent	5,350
Security deposit	5,000
Unrestricted	<u>522,985</u>
Total net position	<u>\$ 610,549</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Statement of Activities
For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues Charges	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Government Activities:			
Narcotics	\$ 219,260	\$ 4,490	\$ (214,770)
Crime Scene	<u>21,207</u>	<u>60,000</u>	<u>38,793</u>
Total governmental activities	<u>240,467</u>	<u>64,490</u>	<u>(175,977)</u>
General revenues:			
Forfeitures			214,002
Restitution			8,330
Interest			1,430
Miscellaneous			<u>1,812</u>
Total general revenues			<u>225,574</u>
Change in net assets			49,597
Net position-beginning			<u>560,952</u>
Net position-ending			<u>\$ 610,549</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Balance Sheet - Governmental Fund
December 31, 2014

	Narcotics	Crime Scene	Total Governmental Funds
ASSETS			
Cash	\$ 29,000	\$ -	\$ 29,000
Interest-bearing deposits, at cost	450,393	39,814	490,207
Receivables -			
Due from other governmental agencies	8,656	-	8,656
Prepaid insurance	31,500	-	31,500
Prepaid maintenance	-	1,462	1,462
Prepaid rent	5,350	-	5,350
Security deposit	5,000	-	5,000
Total assets	\$ 529,899	\$ 41,276	\$ 571,175
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 3,418	\$ 1,460	\$ 4,878
Total liabilities	3,418	1,460	4,878
Fund balance -			
Reserved	41,850	1,462	43,312
Unreserved, undesignated	484,631	38,354	522,985
Total fund balance	526,481	39,816	566,297
Total liabilities and fund equity	\$ 529,899	\$ 41,276	

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

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

44,252

Net position of governmental activities

\$ 610,549

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund Type - General Fund
Year Ended December 31, 2014

Revenues:	Narcotics	Crime Scene	Total
Forfeitures	\$ 214,002	\$ -	\$ 214,002
Restitution	8,330	-	8,330
Other	100	1,712	1,812
Intergovernmental revenues -			
Lafayette Consolidated Government	-	30,000	30,000
Lafayette Parish Sheriff	4,490	30,000	34,490
Interest	1,327	103	1,430
Total revenues	228,249	61,815	290,064
Expenditures:			
Current -			
Public safety:			
Building lease	63,850	-	63,850
Canine	2,012	-	2,012
Employee drug testing	992	-	992
Investigations	34,538	5,750	40,288
Liability insurance	42,000	-	42,000
Maintenance	970	4,967	5,937
Mobile telephones	16,305	-	16,305
Office	17,812	9,569	27,381
Professional fees	6,950	-	6,950
Supplies and small equipment	677	837	1,514
Training	10,659	-	10,659
Uniforms	880	-	880
Utilities	14,606	-	14,606
Capital outlay			
Equipment	11,995	13,163	25,158
Total expenditures	224,246	34,286	258,532
Excess of revenue over expenditures	4,003	27,529	31,532
Fund balance, beginning	522,475	12,290	534,765
Fund balance, ending	\$ 526,478	\$ 39,819	\$ 566,297

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
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, 2014

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

Net change in fund balances-total governmental funds	\$ 31,532
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>18,065</u>
Changes in net position of governmental activities	<u>\$ 49,597</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Forfeitures	\$ 125,000	\$ 154,780	\$ 214,002	\$ 59,222
Restitution	7,000	7,000	8,330	1,330
Intergovernmental revenues	60,000	60,000	64,490	4,490
Interest	1,085	1,085	1,430	345
Miscellaneous	2,000	1,000	1,812	812
Total revenues	<u>195,085</u>	<u>223,865</u>	<u>290,064</u>	<u>66,199</u>
Expenditures:				
Current -				
Public safety:				
Building lease	60,000	65,000	63,850	1,150
Canine	7,500	4,500	2,012	2,488
Employee drug testing	750	950	992	(42)
Investigations	36,500	43,500	40,288	3,212
Liability insurance	45,000	45,000	42,000	3,000
Maintenance	4,000	6,580	5,937	643
Mobile telephones	13,000	15,000	16,305	(1,305)
Office	16,500	29,500	27,381	2,119
Professional fees	7,000	7,000	6,950	50
Supplies and small equipment	2,300	2,300	1,514	786
Towing and storage	500	500	-	500
Training	10,000	11,000	10,659	341
Uniforms	1,500	2,500	880	1,620
Utilities	13,000	14,000	14,606	(606)
Capital outlay -				
Equipment	22,000	29,000	25,158	3,842
Total expenditures	<u>239,550</u>	<u>276,330</u>	<u>258,532</u>	<u>17,798</u>
Excess of revenues over expenditures	(44,465)	(52,465)	31,532	83,997
Fund balance, beginning	<u>534,765</u>	<u>534,765</u>	<u>534,765</u>	<u>-</u>
Fund balance, ending	<u>\$490,300</u>	<u>\$482,300</u>	<u>\$566,297</u>	<u>\$ 83,997</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lafayette Metro Narcotics Agency 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 Fifteenth Judicial District, and the Lafayette Parish Sheriff. The entity's primary responsibility was to perform investigations 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 Lafayette Metro Narcotics Agency was terminated on October 5, 2000, through an agreement between the Lafayette City-Parish Consolidated Government, the University of Louisiana at Lafayette, the District Attorney for the Fifteenth Judicial District, and the Sheriff of Lafayette Parish. The Lafayette Metro Narcotics Task Force (Task Force) was formed by a joint powers agreement entered into on October 5, 2000, between the Lafayette City-Parish Consolidated Government and the Lafayette Parish Sheriff's Department. The Task Force's primary responsibility was to continue the elimination of illegal controlled substance activities that presently exist within Lafayette Parish as previously implemented by the Lafayette Metro Narcotics Agency.

On July 25, 2012, the Lafayette City-Parish Consolidated Government and the Lafayette Parish Sheriff's Department entered into an intergovernmental agreement to rename and expand Lafayette Metro Narcotics Task Force to Lafayette Metro Investigations. Lafayette Metro Investigations consists of a controlled substance investigation unit to be known as Lafayette Metro Narcotics Task Force and a crime scene investigation unit to be known as Lafayette Metro Crime Scene (collectively referred to as "Metro Units"). The City-Parish and Sheriff shall each contribute an equal amount for the operation of both. The fiscal committee shall consist of the following, to-wit: the chief of enforcement of the Lafayette Parish Sheriff's office, the major of the Criminal Investigation Division of the Lafayette Police Department, the chief Financial officer of the Lafayette parish Sheriff's office, and the Administrative Captain of the Lafayette Police Chief. Each of the Metro Units shall be managed by its own special agent in charge: the chief of enforcement of the Lafayette Parish sheriff's office and the major of the Criminal Investigation Division of the Lafayette police department.

The accounting and reporting policies of the Metro Units 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 24:513, 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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a summary of certain significant accounting policies:

Financial Reporting Entity

For financial reporting purposes, Metro Units include all funds and account groups, activities, et cetera, that are controlled by Metro Units. The Metro Units are solely responsible for the operations of its office, which includes authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. Other than certain operating expenditures of the Metro Units' office that are paid or provided by the members of the joint agreement, the Metro Units are financially independent. Accordingly, the Metro Units are a separate governmental reporting entity. Certain units of local government, over which the Metro Units exercise no 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 Metro Units.

Government-Wide and Fund Financial Statements

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, was implemented during the year ended December 31, 2012. This GASB statement incorporates deferred outflows and inflows of resources with assets and liabilities as the required components of the residual measure that is renamed net position, rather than net assets.

The statement of net position and statement of activities display information about the reporting government as a whole. Both the government-wide and the fund financial statements categorize primary activities as governmental.

The statement of activities demonstrates the degree to which the direct expenses having a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Funding for the Metro Units' received from the City-Parish government and Sheriff's department are program revenues. Forfeitures and other revenues are reported as general revenues.

A separate financial statement is provided for the governmental fund.

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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Metro Units report 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 Metro Units report all revenues as general revenues.

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 and equipment 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 \$500 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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Police equipment	5-7
Computer equipment	3-5
Leasehold improvement	2

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 Metro Units acquire 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. At December 31, 2014, the Metro Units have numerous assets which have not been sold and are not reported in the accompanying general purpose financial statements.

Budget and Budgetary Accounting

The Metro Units follow 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.
- 2) The proposed budget is made available for public inspection.
- 3) The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- 4) All budgetary appropriations lapse at the end of each fiscal year.
- 5) 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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest-Bearing Deposits

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

Fund Balance

Reserves represent those portions of fund balance not appropriable 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 Metro Units have no employees during the year ended December 31, 2014; 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 Metro Units as an extension of formal budgetary integration in the funds.

Subsequent Events

Management has evaluated subsequent events through June 9, 2015, the date the financial statements were available to be issued.

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statements of net position.

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position*. The \$44,252 difference is due to capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

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 position 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 \$18,065 difference are as follows:

Depreciation expense	\$ (6,484)
Capital outlay	25,158
Loss on disposition of capital assets	<u>(609)</u>
Net adjustment to increase <i>net changes in Fund balances-total governmental funds</i>	
To arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 18,065</u></u>

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the Metro Units 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 Metro Units 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 \$519,207, is \$29,000, which is held by the Metro Units for use in drug-related investigations. At December 31, 2014, the Metro Units have cash and interest-bearing (book balances) totaling \$519,207, as follows:

Cash	\$ 29,000
Interest-bearing deposits	<u>490,207</u>
	<u><u>\$ 519,207</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. 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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 4 CASH AND INTEREST-BEARING DEPOSITS (CONTINUED)

Louisiana Revised Statute 39:1225 requires each government to insure its cash balances from loss against custodial credit risk. The deposits of Metro Units are covered by the securities pledged on behalf of the Lafayette Sheriff's Department. Lafayette Sheriff's Department is sufficiently pledged to cover the cash balances of their offices and Metro Units.

NOTE 5 RELATED PARTY TRANSACTIONS

The Metro Units received funding from the following related governmental agencies during the year ended December 31, 2014 as follows:

District Attorney	\$ 214,002
Lafayette Consolidated Government	30,000
Lafayette Parish Sheriff	<u>30,000</u>
Total	<u>\$ 274,002</u>

The Metro Units have amounts due from other governmental agencies at December 31, 2014, as follows:

District Attorney	<u>\$ 8,656</u>
-------------------	-----------------

NOTE 6 CAPITAL ASSETS

The following presentation restates capital assets from the general fixed asset account group at December 31, 2014:

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 6 CAPITAL ASSETS (CONTINUED)

	<u>Police and Computer Equipment</u>	<u>Total</u>
Cost at December 31, 2013	\$ 193,196	\$ 193,196
Additions	25,158	25,158
Deletions	<u>(7,169)</u>	<u>(7,169)</u>
Cost at December 31, 2014	<u>211,185</u>	<u>211,185</u>
Depreciation:		
Accumulated depreciation, December 31, 2013	167,009	167,009
Additions	6,484	6,484
Deletions	<u>(6,560)</u>	<u>(6,560)</u>
Accumulated depreciation, December 31, 2014	<u>166,933</u>	<u>166,933</u>
Capital assets, net of depreciation, at December 31, 2014	<u>\$ 44,252</u>	<u>\$ 44,252</u>

NOTE 7 EXPENDITURES OF THE METRO UNITS' OFFICE PAID BY THE MEMBERS OF THE JOINT AGREEMENT

The Metro Units' 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, 2014, the following individuals served on the Board of Directors and received no compensation:

Michael Neustrom
Arthur Lebreton
Ned Fowler
Dwayne Prejean
Keith Sibille

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Notes to the Financial Statements

NOTE 9 LITIGATION AND CLAIMS

The Metro Units are, from time to time, involved in lawsuits arising in the ordinary course of their activities that, in the opinion of management, will not have a material effect on the Metro Units' results of operations.

NOTE 10 OPERATING LEASE

The Metro Units lease office space in Lafayette, Louisiana under a two year lease which offered the option to extend the term for an additional one to three years. The lease began on February 10, 2009 with payments of \$5,000 per month through January 1, 2011. The lease had been extended for a three year term ending in January 2014. Metro Units renewed the lease on January 6, 2014 for an additional three year term with payments of \$5,350 per month through January 31, 2017.

Future minimum lease payments required under this lease are as follows:

2015	\$ 64,200
2016	64,200
2017	<u>5,350</u>
Total	<u>\$ 133,750</u>

SUPPLEMENTARY INFORMATION

INTERNAL CONTROL
AND
COMPLIANCE



**Darnall, Sikes,
Gardes & Frederick**

(A Corporation of Certified Public Accountants)

INDEPENDENT AUDITOR'S 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

Lafayette Metro Investigations
Lafayette, Louisiana

We have audited, in accordance with the 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, the financial statements of the governmental activities of Lafayette Metro Investigations as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Lafayette Metro Investigations' basic financial statements and have issued our report thereon dated June 9, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lafayette Metro Investigations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lafayette Metro Investigations' internal control. Accordingly, we do not express an opinion on the effectiveness of Lafayette Metro Investigations' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described as Item 14-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

E. Larry Sikes, CPA/PFS, CVA, CFP®
Danny P. Frederick, CPA
Clayton E. Damall, CPA, CVA
Eugene H. Damall, III, CPA
Stephanie M. Higginbotham, CPA
John P. Armato, CPA/PFS
J. Stephen Gardes, CPA, CVA
Jennifer S. Ziegler, CPA/PFS, CFP®
Chris A. Miller, CPA, CVA
Steven G. Moosa, CPA
M. Rebecca Gardes, CPA
Joan B. Moody, CPA
Lauren V. Hebert, CPA/PFS
Erich G. Loewer, III, CPA, M.S. Tax
Stephen R. Dischler, MBA, CPA
Pamela Mayeux Bonim, CPA, CVA
Craig C. Babineux, CPA/PFS, CFP®
Jeremy C. Meaux, CPA
Chad M. Bailey, CPA
Adam J. Curry, CPA, CFP®
Kyle P. Saltzman, CPA
Blaine M. Crochet, CPA, M.S.

Kathleen T. Darnall, CPA
Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Jacob C. Roberie, CPA
Brandon R. Dunphy, CPA
Tanya S. Nowlin, CPA, CGMA, Ph.D.
Nicole B. Bruchez, CPA, MBA
Seth C. Norris, CPA
Ryan Earles, CPA
Jenifer Z. Marcial, CPA
Robert C. Damall, CPA, M.S.
Elizabeth H. Olinde, CPA
Kai Seah, CPA
Katie Debailion, CPA
Casey E. Cantu, CPA
Nicolaus D. Simon, CPA
Emile M. Joseph III, CPA
Jeromy T. Bourque, CPA

2000 Kaliste Saloom
Suite 300
Lafayette, LA 70508
Phone: 337.232.3312
Fax: 337.237.3614

1231 E. Laurel Avenue
Eunice, LA 70535
Phone: 337.457.4146
Fax: 337.457.5060

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
Phone: 985.384.6264
Fax: 985.384.8140

203 S. Jefferson Street
Abbeville, LA 70510
Phone: 337.893.5470
Fax: 337.893.5470

A Member of:
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

www.dsfcpas.com

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lafayette Metro Investigations' financial statements are free from 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*.

Lafayette Metro Investigations' Response to Findings

Lafayette Metro Investigations' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Lafayette Metro Investigations' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Darnall, Sikes, Gardes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

June 9, 2015

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Schedule of Prior Year Audit Findings
Year Ended December 31, 2014

13-1 Finding: Individual Segregation of Accounting Functions

Due to the small number of accounting personnel, the Lafayette Metro Investigations did not have adequate segregation of functions within the accounting system.

Status: This finding is unresolved. See Current Year Finding 14-1.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2014

PART 1 SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on the Lafayette Metro Investigations' financial statements as of and for the year ended December 31, 2014.

Significant Deficiencies - Financial Reporting

A significant deficiency in internal control over financial reporting was disclosed during the audit of the financial statements and is shown as Item 14-1 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 RELATING TO AN AUDIT IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

14-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the Metro Units 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.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Schedule of Findings and Questioned Costs
Year Ended December 31, 2014

PART 3 FINDINGS AND QUESTIONED COSTS RELATING TO THE FEDERAL PROGRAMS

This section is not applicable.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

Management's Corrective Action Plan
Year Ended December 31, 2014

- 14-1 Based upon the cost-benefit of additional personnel, it may not be feasible to achieve segregation of accounting functions.

LAFAYETTE METRO INVESTIGATIONS
Lafayette, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO DIRECTORS
YEAR ENDED DECEMBER 31, 2014

Dwayne Prejean (Captain/Board Member)

<u>Purpose</u>	<u>Amount</u>
Petty cash reimbursements (See note below.)	\$ 29,253
Continuing education and travel reimbursements	<u>838</u>
Total	<u>\$ 30,091</u>

A major function of the agency is the enforcement of laws pertaining to the illegal use of narcotics. To successfully combat the drug trades, agents are required to carry and use cash for things such as buy money, flash money, cover charges to infiltrate establishments, etc. The captain is responsible for maintaining records and overseeing the proper use of these funds and the petty cash reimbursements shown here represent the replenishment of that cash fund being used by over a dozen agents.