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**UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2006**

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

Release Date 1/10/07

UNION PARISH DRUG TASK FORCE

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MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Board Members
Union Parish Drug Task Force
Farmerville, Louisiana

We have audited the accompanying financial statements of the governmental activities of the Union Parish Drug Task Force, as of and for the year ended June 30, 2006, which collectively comprise the Task Force's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Task Force's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities of the Union Parish Drug Task Force, as of June 30, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2006, on our consideration of the Union Parish Drug Task Force's 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

The Union Parish Drug Task Force has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Union Parish DrugTask Force's basic financial statements. The accompanying supplemental information, as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Marcus, Robinson & Hassell

MARCUS, ROBINSON AND HASSELL
Monroe, Louisiana
November 26, 2006

BASIC FINANCIAL STATEMENTS

**GOVERNMENT - WIDE
FINANCIAL STATEMENTS (GWFS)**

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2006

ASSETS

Cash & Cash Equivalents	\$16,514
Accounts Receivable	4,685
Capital Assets (net of accumulated depreciation)	<u>2,140</u>

TOTAL ASSETS \$23,339

LIABILITIES

\$ 0

NET ASSETS

Investment in Capital Assets	2,140
Unrestricted	<u>21,199</u>

TOTAL NET ASSETS \$23,339

See Notes to Financial Statements

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

<u>Functions/Programs:</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Operating</u>	<u>Capital</u>	<u>Revenues and</u>
		<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Assets</u>
Governmental Activities				
Public Safety				
Personal Services	\$28,500	\$18,741	\$0	\$(9,759)
Investigative Expense	12,026	0	0	(12,026)
Operating Services	5,218	0	0	(5,218)
Depreciation	<u>965</u>	<u>0</u>	<u>0</u>	<u>(965)</u>
<u>Total Program Expenses</u>	<u>\$46,709</u>	<u>\$18,741</u>	<u>\$0</u>	<u>(27,968)</u>
<u>General Revenues</u>				
Fines				500
Forfeitures and Restitution				3,488
Interest				<u>255</u>
<u>Total General Revenues</u>				<u>4,243</u>
<u>Change in Net Assets</u>				(23,725)
<u>Net Assets at Beginning of Year</u>				<u>47,064</u>
<u>Net Assets at End of Year</u>				<u>\$ 23,339</u>

See Notes to Financial Statements

BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS (FFS)

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2006

	<u>General Fund</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$16,514
Accounts Receivable	<u>4,685</u>
 <u>Total Assets</u>	 <u>\$21,199</u>
<u>Liabilities and Fund Balance</u>	
Liabilities:	\$ 0
Fund Balance:	
Unreserved and Undesignated	<u>21,199</u>
 <u>Total Fund Balance</u>	 <u>21,199</u>
 <u>Total Liabilities and Fund Balance</u>	 <u>\$21,199</u>

See Notes to Financial Statements

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2006

Total Fund Balance - Governmental Funds	\$21,199
-----------------------------------------	----------

The cost of capital assets purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Assets includes those capital assets among the assets of the Task Force as a whole. The cost of those capital assets is allocated over their useful lives (as depreciation expense) as governmental activities in the Statement of Activities. Because depreciation expenses does not affect financial resources, it is not reported in governmental funds.

Cost of Capital Assets at June 30, 2006	18,313	
Less: Accumulated Depreciation at June 30, 2006	<u>16,173</u>	<u>2,140</u>
Net Assets at June 30, 2006		<u>\$23,339</u>

See Notes to Financial Statements

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2006

	<u>General Fund</u>
<u>Revenues</u>	
Federal Grant	\$18,741
Fines	500
Forfeitures and Restitution	3,488
Interest	<u>255</u>
<u>Total Revenues</u>	22,984
<u>Expenditures</u>	
Public Safety	
Personal Services	28,500
Investigative Expense	12,026
Operating Services	<u>5,218</u>
<u>Total Expenditures</u>	<u>45,744</u>
<u>Excess Expenditures Over Revenues</u>	(22,760)
<u>Fund Balance at Beginning of Year</u>	<u>43,959</u>
<u>Fund Balance at End of Year</u>	<u>\$21,199</u>

See Notes to Financial Statements

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006

Net Change in Fund Balance - Governmental Funds	\$ (22,760)
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Amounts reported for governmental activities in statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	0
Less: Current Year Depreciation Expense	<u>\$ (965)</u>

Change in Net Assets of Governmental Activities	<u>\$ (23,725)</u>
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See Notes to Financial Statements

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

INTRODUCTION

The Union Parish Drug Task Force was created as a criminal justice governmental agency for narcotics control and its purpose is to effectively unite to combat drug use and trafficking in Union Parish. The Sheriff of Union Parish and the Chief of Police from each of the five policing agencies in Union Parish are the directing officers of the drug task force. The six directing officers govern the drug task force and have absolute control and authority over the task force.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting principles and reporting standards.

B. REPORTING ENTITY

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification 2100, these financial statements include all funds and account groups which are controlled by the Union Parish Drug Task Force.

C. FUND ACCOUNTING

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

The General Fund of the Task Force is classified as a governmental fund and is the general operating fund of the Task Force and accounts for all financial resources. Revenues are accounted for in this fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. General operating expenditures are paid from this fund.

D. MEASUREMENT FOCUS: BASIS OF ACCOUNTING

The government-wide statements are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of governmental-type activities are included in the statement of Net Assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred in the Statement of Activities. In these statements, capital assets are reported and depreciated.

Governmental funds are reported using a current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements represent increases and decreases in net current assets. Expenditures for capital assets are reported as current expenses, and such assets are not depreciated.

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. BUDGET PRACTICES

The Task Force prepares and adopts, as a part of its application for a federal grant, a budget for their operations. The budget is established and controlled by the Task Force at the object level of expenditure. Appropriations lapse at year end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the Task Force. The Task Force presents necessary budget amendments for approval to the grantor agency during the year when, in its judgment, actual operations are differing materially from those anticipated in the original budget.

F. CASH

For the purpose of these financial statements, the Union Parish Drug Task Force considers cash and cash equivalents to be amounts held in demand deposits, interest bearing demand deposits, and time deposits.

Under state law, the drug 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. At June 30, 2006, the Task Force has demand deposits (book balances) totaling \$16,514.

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. Deposit balances (bank balances) at June 30, 2006 total \$20,264, and are fully secured by federal deposit insurance.

G. USE OF ESTIMATES

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

H. CAPITAL ASSETS

Capital assets are reported in the governmental activities in the government-wide financial statements. Capital assets are capitalized at historical cost. The capitalization threshold is \$1,000. Capital assets are depreciated using the straight-line method over the following useful lives:

<i>Equipment</i>	<i>5-7 Years</i>
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I. COMPENSATED ABSENCES, POSTRETIREMENT BENEFITS, AND PENSION PLAN

The Task Force has no employees; therefore, the Task Force has not established leave policies, does not pay postretirement benefits, and does not contribute to a pension plan.

**REQUIRED SUPPLEMENTAL INFORMATION
PART II**

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basic</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
Federal Grant	\$18,741	\$18,741	\$18,741	\$ 0
Fines	1,000	1,000	500	(500)
Forfeitures & Restitution	3,000	3,000	3,488	488
Interest	<u>200</u>	<u>200</u>	<u>255</u>	<u>55</u>
<u>Total Revenues</u>	22,941	22,941	22,984	43
<u>Expenditures</u>				
<u>Public Safety</u>				
Personal Services	24,991	24,991	28,500	(3,509)
Investigative Expense	10,000	10,000	12,026	(2,026)
Operating Services	<u>3,000</u>	<u>3,000</u>	<u>5,218</u>	<u>(2,218)</u>
<u>Total Expenditures</u>	<u>37,991</u>	<u>37,991</u>	<u>45,744</u>	<u>(7,753)</u>
<u>Excess Expenditures Over Revenues</u>	(15,050)	(15,050)	(22,760)	(7,710)
<u>Fund Balance at Beginning of Year</u>	<u>43,959</u>	<u>43,959</u>	<u>43,959</u>	<u>0</u>
<u>Fund Balance at End of Year</u>	<u>\$28,909</u>	<u>\$28,909</u>	<u>\$21,199</u>	<u>\$(7,710)</u>

**REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS
PART III**

**Independent Auditor's Report Required
by Government Auditing Standards**

The following independent auditor's report on compliance with laws, regulations and contracts, and internal control over financial reporting are presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

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**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**

Union Parish Drug Task Force
Farmerville, Louisiana

We have audited the basic financial statements of the governmental activities of the Union Parish Drug Task Force, as of and for the year ended June 30, 2006, which collectively comprise the Task Force's basic financial statements and have issued our report thereon dated November 26, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Union Parish Drug 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Union Parish Drug Task Force's general-purpose 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.

This report is intended solely for the information and use of management, La Commission on Law Enforcement, federal grantor agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than the specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
November 26, 2006

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

___yes

X no

Reportable conditions identified that are
not considered to be material weaknesses

___yes

X none reported

Noncompliance material to financial
statements noted?

___yes

X no

Federal Awards

Not applicable

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Not Applicable

UNION PARISH DRUG TASK FORCE
FARMERVILLE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006

There were no audit findings reported in the audit for the year ended June 30, 2005.