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**FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana**

**Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2006
With Supplemental Information Schedules**

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 11-8-06

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Financial Statements
With Independent Auditor's Report
As of and for the Year Ended June 30, 2006
With Supplemental Information Schedules

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Independent Auditor's Report

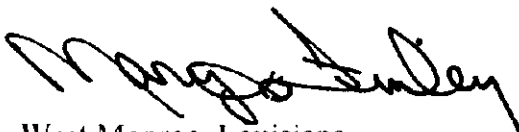
FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

I have audited the accompanying statement of financial position of the Fifth Judicial District Drug Court Inc., as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Fifth Judicial District Drug Court, Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fifth Judicial District Drug Court Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated October 12, 2006, on the Fifth Judicial District Drug Court Inc's compliance with laws, regulations, contracts and grants, and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



West Monroe, Louisiana
October 12, 2006

FINANCIAL STATEMENTS

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Statement of Financial Position
June 30, 2006

ASSETS

Cash	\$35,992
Restricted grant receivable	13,983
Office furnishings and equipment (net)	<u>7,933</u>
TOTAL ASSETS	<u>\$57,908</u>

LIABILITIES AND NET ASSETS

Liabilities - accounts payable	9,501
Net Assets:	
Unrestricted	23,542
Temporarily Restricted	<u>24,865</u>
Total Net Assets	<u>48,407</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$57,908</u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Statement of Activities
For the Year Ended June 30, 2006

UNRESTRICTED NET ASSETS	
Unrestricted revenues - other	\$1,291
Net assets released from restrictions - restrictions satisfied by payments	<u>184,166</u>
Total unrestricted revenues	<u>185,457</u>
Expenses	
Program services -	
Reduction of alcohol and drug abuse	<u>184,166</u>
Increase in Unrestricted Net Assets	<u>1,291</u>
TEMPORARILY RESTRICTED NET ASSETS	
Grants:	
Federal	54,428
State	<u>116,054</u>
Net assets released from restriction	<u>(184,166)</u>
Decrease in Temporarily Restricted Net Assets	<u>(13,684)</u>
DECREASE IN NET ASSETS	(12,393)
NET ASSETS AT BEGINNING OF YEAR	<u>60,800</u>
NET ASSETS AT END OF YEAR	<u><u>\$48,407</u></u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Statement of Functional Expenses
For the Year Ended June 30, 2006

PROGRAM SERVICES

Personal services	\$28,425
Operating services	101,265
Materials and supplies	25,860
Travel and other charges	14,261
Miscellaneous Expenses	3,643
Depreciation	<u>10,712</u>
Total Functional Expenses	<u>\$184,166</u>

The accompanying notes are an integral part of this statement.

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

Statement of Cash Flows
For the Year Ended June 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	(\$12,393)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	10,712
Decrease in grant funds receivable	3,678
Increase in accounts payable	3,004
Increase in fixed Assets	<u>(200)</u>
Net Cash Used by Operating Activities	<u>4,801</u>
NET INCREASE IN CASH	4,801
CASH AT BEGINNING OF YEAR	<u>31,191</u>
CASH AT END OF YEAR	<u>\$35,992</u>

The accompanying notes are an integral part of this statement.

**FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana**

Notes to the Financial Statements
As of and for the Year Ended June 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Fifth Judicial District Drug Court, Inc (the Drug Court), is a nonprofit organization pursuant to articles of incorporation filed pursuant to LA R.S. 12:201 - 12:269 (1950 as amended), whose purpose is to implement a drug court program that will reduce crime rates, reduce recidivism, alleviate continued drug abuse, assist drug abusers in rehabilitating their lives and building a drug free future in a cost effective manner that will ultimately reduce jail overcrowding and crime, thereby reducing costs to governmental entities responsible for law enforcement. The organization is governed by a three member board and serves the parishes of West Carroll, Richland and Franklin.

A. BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Under Statement of Financial Accounting Statement No. 117, the Drug Court is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

B. CONTRIBUTIONS

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Federal financial assistance received through the Louisiana Supreme Court, is considered temporarily restricted net assets because, in accordance with the grant agreement, it can only be expended for specified purposes. When expenditures are made for those specified purposes the grant funds are no longer restricted and are transferred to unrestricted net assets.

C. SUPPORT AND REVENUE

The Fifth Judicial District Drug Court, Inc. receives the majority of its support and revenue under federal/state grant agreements. In order to receive funding, the organization must comply with the contract provisions.

D. ESTIMATES

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

E. FURNITURE AND EQUIPMENT

Furniture and equipment of the organization are capitalized in accordance with the West Carroll Policy Jury's policy. However, title to the assets, which are purchased with resources from state and federal grants, reverts to the grantors should the contract be terminated.

Furniture and equipment are depreciated over an estimated useful life of three years, using the straight line method of depreciation. The Drug Court had fixed asset acquisitions in the amount of \$200 during the year ended June 30, 2006. The following shows fixed assets and accumulated depreciation at June 30, 2006.

<u>Class of Asset</u>	
Computers and related	\$31,439
Office furnishings and equipment	<u>18,124</u>
Total assets	49,563
Less accumulated depreciation	<u>(41,630)</u>
Net assets	<u>\$7,933</u>

F. INCOME TAX STATUS

As previously stated, the Fifth Judicial District Drug Court, Inc. is incorporated as a non-profit organization in accordance with Louisiana Revised Statutes (LSA-RS) 12:201-269. The corporation has applied to the Internal Revenue Service for treatment under Internal Revenue Code Section 501(c)(3). Accordingly, federal and state tax liabilities have been recorded in accordance with tax tables in effect for corporations.

G. UNCOLLECTIBLE ALLOWANCE

The statements contain no provision for uncollectible accounts. All amounts due from grantor are considered fully collectible.

H. RENT EXPENSE

The Drug Court rents office space pursuant to an operating lease. The lease is month-to-month and can be canceled by either party after providing a thirty-day notice. Rent expense for the year ended June 30, 2006 was \$12,000.

2. CASH

At June 30, 2006, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$35,992 in a sole demand account. For the purposes of the statement of cash flows, this is the only component of cash. Cash (bank balances) are fully secured by federal deposit insurance.

3. GRANT FUNDING

For the year ended June 30, 2006, the agency received funding of \$170,482 from the United States Department of Health and Human Services passed through the Louisiana Supreme Court.

4. LITIGATION AND CLAIMS

Fifth Judicial District Drug Court, Inc., is not involved in any litigation at June 30, 2006, nor is it aware of any unasserted claims.

5. RESTATEMENT OF NET ASSETS

Beginning net assets has been restated due to a previous liability being settled.

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

The following Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards* is 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.

MARY JO FINLEY, CPA, INC.

A PROFESSIONAL CORPORATION

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting
Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

FIFTH JUDICIAL DISTRICT
DRUG COURT, INC.
Oak Grove, Louisiana

I have audited the financial statements of Fifth Judicial District Drug Court Inc., as of and for the year ended June 30, 2006 and have issued my report thereon dated October 12, 2006. I conducted my audit in accordance with U.S. generally accepted auditing standards 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 Fifth Judicial District Drug Court Inc.'s financial statements are free of material misstatement, I 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 amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Fifth Judicial District Drug Court Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matter involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.

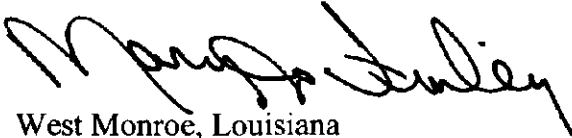
Oak Grove, Louisiana

Independent Auditor's Report on Compliance and

Internal Control Over Financial Reporting, etc.

June 30, 2006

This report is intended solely for the information and use of the members of the Fifth Judicial District Drug Court, management of the Drug Court, the Louisiana Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana

October 12, 2006

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
Oak Grove, Louisiana

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Fifth Judicial District Drug Court, Inc.
2. No instances of noncompliance material to the financial statements of Fifth Judicial District Drug Court, Inc. was disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements is reported in the Independent Auditor's Report on Internal Control.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.
Oak Grove, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2006

The following provides information on the status of findings presented in the audit report for the year ended June 30, 2005.

05-01 Failure to File Tax Returns

Finding:

The Fifth District Drug Court did not file appropriate tax returns.

Current Status:

The agency has filed its tax returns.