

**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, 2009  
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 2/17/10

**MARY JO FINLEY, CPA, INC.**  
**A PROFESSIONAL CORPORATION**

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, 2009  
With Supplemental Information Schedules

CONTENTS

	<u>Statement</u>	<u>Page No.</u>
<b>Independent Auditor's Report</b>		2
<b>Financial Statements:</b>		
Statement of Financial Position	A	4
Statement of Activities	B	5
Statement of Functional Expenses	C	6
Statement of Cash Flows	D	7
Notes to the Financial Statements		8
	<u>Schedule</u>	<u>Page No.</u>
<b>Independent Auditor's Reports Required by Government Auditing Standards:</b>		
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		12
Schedule of Audit Findings	1	14
Summary Schedule of Prior Audit Findings	2	15

**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**


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, 2009, 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, 2009, 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 December 29, 2009, 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  
December 29, 2009

**FINANCIAL STATEMENTS**

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

Statement of Financial Position  
June 30, 2009

**ASSETS**

Cash	\$2,051
Restricted grant receivable	24,899
Office furnishings and equipment (net)	<u>1,305</u>

**TOTAL ASSETS**\$28,255**LIABILITIES AND NET ASSETS**

Liabilities - accounts payable	386
Net Assets:	
Unrestricted	3,004
Temporarily Restricted	<u>24,865</u>
Total Net Assets	<u>27,869</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$28,255</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, 2009

**UNRESTRICTED NET ASSETS**

Unrestricted revenues - other	\$201
Net assets released from restrictions - restrictions satisfied by payments	<u>205,669</u>
Total unrestricted revenues	<u>205,870</u>
Expenses	
Program services -	
Reduction of alcohol and drug abuse	<u>214,113</u>
Decrease in Unrestricted Net Assets	<u>(8,243)</u>

**TEMPORARILY RESTRICTED NET ASSETS**

Grants:	
Federal	33,863
State	<u>171,806</u>
Net assets released from restriction	<u>(205,669)</u>
Decrease in Temporarily Restricted Net Assets	<u>NONE</u>

**DECREASE IN NET ASSETS**

(8,243)

**NET ASSETS AT BEGINNING OF YEAR**36,112**NET ASSETS AT END OF YEAR**\$27,869

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, 2009

**PROGRAM SERVICES**

Personal services	\$36,704
Operating services	149,098
Travel and other charges	21,667
Miscellaneous Expenses	5,352
Depreciation	<u>1,292</u>
Total Functional Expenses	<u>\$214,113</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, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase (decrease) in net assets	(\$8,243)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	1,292
Decrease in grant funds receivable	28
Decrease in accounts payable	(162)
Increase in fixed Assets	<u>(1,091)</u>
Net Cash Used by Operating Activities	<u>(8,176)</u>
<b>NET INCREASE IN CASH</b>	(8,176)
<b>CASH AT BEGINNING OF YEAR</b>	<u>10,227</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$2,051</u></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, 2009

**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 capital asset acquisitions in the amount of \$1,091 during the year ended June 30, 2009. The following shows capital assets and accumulated depreciation at June 30, 2009.

<u>Class of Asset</u>	
Computers and related	\$34,779
Office furnishings and equipment	<u>18,660</u>
Total assets	53,439
Less accumulated depreciation	<u>(52,134)</u>
Net assets	<u><u>\$1,305</u></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, 2009 was \$12,000.

#### **2. CASH**

At June 30, 2009, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$2,051 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, 2009, the agency received funding of \$205,669 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, 2009, nor is it aware of any unasserted claims.

**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.

**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, 2009 and have issued my report thereon dated December 29, 2009. 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.

**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 as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fifth Judicial District Drug Court Inc.'s internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Fifth Judicial District Drug Court Inc.'s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Fifth Judicial District Drug Court Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Fifth Judicial District Drug Court Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fifth Judicial District Drug Court Inc.'s internal control.

FIFTH JUDICIAL DISTRICT DRUG COURT, INC.  
Oak Grove, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2009

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fifth Judicial District Drug Court Inc.'s basic 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 or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Fifth Judicial District Drug Court Inc.'s, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these 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.



West Monroe, Louisiana  
December 29, 2009

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

Schedule of Audit Findings  
For the Year Ended June 30, 2009

**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 significant deficiencies 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, 2009**

**There were no audit findings reported in the audit for the year ended June 30, 2008.**