

**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, 2017  
With Supplemental Information Schedules**

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, 2017  
With Supplemental Information Schedules

C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
<b>Independent Auditor's Report</b>		2
<b>Financial Statements:</b>		
Statement of Net Position	A	5
Statement of Activities	B	6
Statement of Functional Expenses	C	7
Statement of Cash Flows	D	8
Notes to the Financial Statements		9
	<u>Schedule</u>	<u>Page No.</u>
<b>Other Information (Part II):</b>		
Schedule of Compensation, Benefits and Other Payments to Agency Head	1	13
<b>Independent Auditor's Reports Required by <i>Government Auditing Standards:</i></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>		15
Schedule of Findings and Questioned Costs	2	17
Summary Schedule of Prior Audit Findings	3	18

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

## MARY JO FINLEY, CPA, INC.

A PROFESSIONAL ACCOUNTING CORPORATION  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

### Independent Auditor's Report

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

#### Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and major fund of the Fifth Judicial District Drug Court Inc., and the related notes to the financial statements, statements of activities, functional expenses, and cash flows, as of June 30, 2017, and for the year then ended.

#### *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*

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I 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 Fifth Judicial District Drug Court'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 Fifth Judicial District Drug Court's internal control. Accordingly, I 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.

FIFTH JUDICIAL DISTRICT DRUG COURT  
Oak Grove, Louisiana  
Independent Auditor's Report,  
June 30, 2017

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Fifth Judicial District Drug Court as of June 30, 2017, 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.

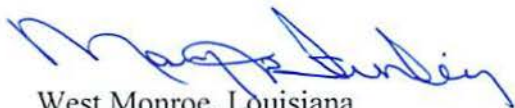
***Other Matters***

***Other Information***

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fifth Judicial District Drug Court's office basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 13 is presented for purposes 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 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 my opinion, the information 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*, I have also issued a report dated July 5, 2017, on my consideration of the Fifth Judicial District Drug Court's internal control over financial reporting and on my 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 my 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 the Fifth Judicial District Drug Court's internal control over financial reporting and compliance.



West Monroe, Louisiana  
July 5, 2017

**FINANCIAL STATEMENTS**

FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, LouisianaStatement of Net Position  
June 30, 2017**ASSETS**

Cash	\$4,093
Receivables	50,807
Office furnishings and equipment (net)	<u>623</u>
<b>TOTAL ASSETS</b>	<b><u>\$55,523</u></b>

**LIABILITIES**

Payables	<u>\$7,639</u>
<b>TOTAL LIABILITIES</b>	<b>7,639</b>

**NET POSITION**

Net Position:	
Temporarily Restricted	<u>47,884</u>
Total Net Position	<u>47,884</u>
<b>TOTAL NET POSITION</b>	<b><u>\$55,523</u></b>

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, 2017

<b>UNRESTRICTED NET POSITION</b>	
Net position released from restrictions - restrictions satisfied by payments	\$433,188
Expenses - Program services - Reduction of alcohol and drug abuse	<u>426,165</u>
Increase in Unrestricted Net Position	<u>7,023</u>
<b>TEMPORARILY RESTRICTED NET POSITION</b>	
Grants:	
Federal	209,285
State	<u>215,036</u>
Net position released from restriction	<u>(424,321)</u>
Decrease in Temporarily Restricted Net Position	<u>NONE</u>
<b>INCREASE IN NET POSITION</b>	7,023
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>40,861</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$47,884</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, 2017

**PROGRAM SERVICES**

Personal services	\$142,670
Operating services	217,089
Materials and supplies	32,370
Travel and other charges	32,457
Depreciation	<u>1,579</u>
Total Functional Expenses	<u>\$426,165</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, 2017

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase (decrease) in net position	\$7,023
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	1,579
Increase in grant funds receivable	(33,759)
Increase in accounts payable	<u>(13,798)</u>
Net Cash Used by Operating Activities	<u>(38,955)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(38,955)</b>
<b>CASH AT BEGINNING OF YEAR</b>	<b><u>43,048</u></b>
<b>CASH AT END OF YEAR</b>	<b><u><u>\$4,093</u></u></b>

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, 2017

**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 position: unrestricted net position, temporarily restricted net position, and permanently restricted net position.

**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 position 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 position.

**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**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Drug Court maintains a threshold level of \$1,000 or more for capitalizing capital assets. 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 \$1,866 during the year ended June 30, 2017 and no deletions. The following shows capital assets and accumulated depreciation at June 30, 2017.

<u>Class of Asset</u>	
Computers and related	\$28,373
Office furnishings and equipment	<u>7,917</u>
Total assets	36,290
Less accumulated depreciation	<u>(35,667)</u>
Net position	<u><u>\$623</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, 2017 was \$12,000.

**2. CASH**

At June 30, 2017, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$4,093 in a 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, 2017, the agency received funding of \$424,321 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, 2017, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

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

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2017

TERRY DOUGHTY, JUDGE

	<u>PURPOSE</u>	<u>AMOUNT</u>
	Travel - mileage reimbursement	\$1,494

**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.

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

## MARY JO FINLEY, CPA, INC.

A PROFESSIONAL ACCOUNTING CORPORATION  
116 Professional Drive - West Monroe, LA 71291  
Phone (318) 329-8880 - Fax (318) 239-8883

Practice Limited to  
Governmental Accounting,  
Auditing and  
Financial Reporting

**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, 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 Fifth Judicial District Drug Court, Inc., as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Fifth Judicial District Drug Court, Inc.'s basic financial statements, and have issued my report thereon dated July 5, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Fifth Judicial District Drug Court, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the 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. Accordingly, I do not express an opinion on the effectiveness of the Fifth Judicial District Drug Court, Inc.'s internal control.

*A deficiency in internal control* exist 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 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. 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.



FIFTH JUDICIAL DISTRICT DRUG COURT, INC.  
Oak Grove, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 2017

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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 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 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fifth Judicial District Drug Court, Inc.'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 Fifth Judicial District Drug Court, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



West Monroe, Louisiana  
July 5, 2017

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

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**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, 2017

There were no audit findings reported in the audit for the year ended June 30, 2016.