

**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, 2013
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 DEC 04 2013

**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, 2013
With Supplemental Information Schedules**

C O N T E N T S

	<u>Statement</u>	<u>Page No.</u>
Independent Auditor's Report		2
Financial Statements:		
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>
Independent Auditor's Reports Required by <i>Government Auditing Standards:</i>		
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>		13
Schedule of Findings and Questioned Costs	1	15
Summary Schedule of Prior Audit Findings	2	16

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, 2013, 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.

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

FIFTH JUDICIAL DISTRICT DRUG COURT
Oak Grove, Louisiana
Independent Auditor's Report,
June 30, 2013

Opinions

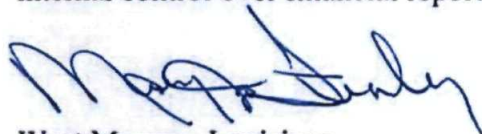
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position and major fund of the Fifth Judicial District Drug Court as of June 30, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued a report dated October 7, 2013, 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
October 7, 2013

FINANCIAL STATEMENTS

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

Statement of Net Position
June 30, 2013

ASSETS

Cash	\$20,344
Restricted grant receivable	936
Office furnishings and equipment (net)	<u>1,215</u>
TOTAL ASSETS	<u>\$22,495</u>

NET POSITION

Net Position:

Temporarily Restricted	<u>\$22,495</u>
Total Net Position	<u>22,495</u>
TOTAL NET POSITION	<u>\$22,495</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, 2013**

UNRESTRICTED NET POSITION

Net position released from restrictions - restrictions satisfied by payments	<u>\$305,931</u>
Expenses - Program services - Reduction of alcohol and drug abuse	<u>308,115</u>
Increase in Unrestricted Net Position	<u>(2,184)</u>

TEMPORARILY RESTRICTED NET POSITION

Grants:

Federal	82,928
State	<u>220,072</u>
Net position released from restriction	<u>(303,000)</u>
Decrease in Temporarily Restricted Net Position	<u>NONE</u>

DECREASE IN NET POSITION(2,184)**NET POSITION AT BEGINNING OF YEAR**24,679**NET POSITION AT END OF YEAR**\$22,495

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, 2013**

PROGRAM SERVICES

Personal services	\$51,779
Operating services	192,904
Travel and other charges	13,634
Miscellaneous Expenses	19,503
Depreciation	<u>1,632</u>
Total Functional Expenses	<u>\$279,452</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, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net position	(\$2,184)
Adjustments to reconcile increase in net position to net cash provided by operating activities:	
Depreciation	1,631
Decrease in grant funds receivable	11,336
Decrease in accounts payable	(1,728)
Increase in capital assets	<u>(1,320)</u>
Net Cash Used by Operating Activities	<u>7,735</u>
NET INCREASE IN CASH	7,735
CASH AT BEGINNING OF YEAR	<u>12,608</u>
CASH AT END OF YEAR	<u><u>\$20,343</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, 2013**

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.

**Fifth Judicial District Drug
Court, Inc.
Oak Grove, Louisiana
Notes to the Financial Statements**

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 \$1,005 during the year ended June 30, 2013. The following shows capital assets and accumulated depreciation at June 30, 2013.

<u>Class of Asset</u>	
Computers and related	\$40,607
Office furnishings and equipment	<u>18,960</u>
Total assets	59,567
Less accumulated depreciation	<u>(58,352)</u>
Net position	<u>\$1,215</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, 2013 was \$12,000.

2. CASH

At June 30, 2013, Fifth Judicial District Drug Court, Inc., had cash (book balances) totaling \$20,344 in two demand accounts. 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, 2013, the agency received funding of \$303,000 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, 2013, 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, 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, 2013 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 October 7, 2013.

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, 2013

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

October 7, 2013

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

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013**

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, 2013**

There were no audit findings reported in the audit for the year ended June 30, 2012.