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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, 1999  
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 persons and 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 APR 12 2000

**VERNON R  
COON**  
CERTIFIED PUBLIC ACCOUNTANT

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, 1999  
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, 1999, 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 generally accepted auditing standards and *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, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the financial statements of the Fifth Judicial District Drug Court Inc., taken as a whole. The supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

MEMBER AMERICAN  
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SOCIETY OF LOUISIANA  
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FIFTH JUDICIAL DISTRICT  
DRUG COURT, INC.  
Oak Grove, Louisiana  
Independent Auditor's Report  
June 30, 1999

In accordance with *Government Auditing Standards*, I have also issued a report dated February 28, 2000, on the Fifth Judicial District Drug Court Inc.'s compliance with laws, regulations, and contracts, and my consideration of the agency's internal control over financial reporting.

West Monroce, Louisiana  
February 28, 2000

**FINANCIAL STATEMENTS**

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

Statement of Financial Position  
June 30, 1999

**ASSETS**

Cash	\$1,371
Restricted grant receivable	10,804
Other receivables	<u>20</u>

**TOTAL ASSETS**\$12,195**LIABILITIES AND NET ASSETS**

## Liabilities -

Accounts payable	<u>\$2,938</u>
------------------	----------------

## Net Assets:

Unrestricted	540
Restricted	<u>8,717</u>
Total Net Assets	<u>9,257</u>

**TOTAL LIABILITIES AND NET ASSETS**\$12,195

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, 1999

<b>UNRESTRICTED NET ASSETS</b>	
Unrestricted revenues - other	\$540
Net assets released from restrictions - restrictions satisfied by payments	<u>22,392</u>
Total unrestricted revenues	<u>22,932</u>
Expenses	
Program services -	
Reduction of alcohol and drug abuse	<u>22,392</u>
Increase in Unrestricted Net Assets	<u>540</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Louisiana Department of Health and Hospitals -	
Office of Alcohol and Drug Abuse	31,109
Net assets released from restriction	<u>(22,392)</u>
Increase in Temporarily Restricted Net Assets	<u>8,717</u>
<b>INCREASE IN NET ASSETS</b>	9,257
<b>NET ASSETS AT BEGINNING OF YEAR</b>	NONE
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$9,257</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, 1999

**PROGRAM SERVICES**

Personal services - salaries	\$1,500
Operating services - telephone	193
Materials and supplies:	
Drug screening	1,557
Office	117
Travel:	
Conference fees	375
Hotel rooms	480
Meals	255
Mileage	223
Professional services	14,000
Purchase of computers	<u>3,692</u>
Total Functional Expenses	<u><u>\$22,392</u></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, 1999

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$9,257
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Increase in grant funds receivable	(10,804)
Increase in other receivables	(20)
Increase in accounts payable	2,938
Net Cash Used by Operating Activities	<u>1,371</u>
<b>NET INCREASE IN CASH</b>	1,371
<b>CASH AT BEGINNING OF YEAR</b>	<u>NONE</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$1,371</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, 1999

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Fifth Judicial District Drug Court, Inc., is a nonprofit organization 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.

**B. CONTRIBUTIONS**

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Federal financial assistance received through the Louisiana Department of Health and Hospitals - Office of Alcohol and Drug Abuse, 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 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 is not capitalized because title to the assets, which are purchased with resources from state and federal grants, reverts to the grantor upon termination of the contract. The full cost of the asset is charged as an expense in the year of purchase. The organization does maintain a listing of property and equipment purchased with grant funds.

**F. INCOME TAX STATUS**

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 is applying for tax exempt status under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

**G. UNCOLLECTIBLE ALLOWANCE**

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

**2. CASH**

At June 30, 1999, Fifth Judicial District Drug Court, Inc., has cash (book balances) totaling \$1,371. Cash (bank balances) are fully secured by federal deposit insurance.

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

**3. GRANT FUNDING**

For the year ended June 30, 1999, the agency received funding of \$31,109 from the Louisiana Department of Health and Hospitals - Office of Alcohol and Drug Abuse through contract Nos. DIII 65792 and CFMS 539171.

**4. LITIGATION AND CLAIMS**

Fifth Judicial District Drug Court, Inc., is not involved in any litigation at June 30, 1999, nor is it aware of any unasserted claims.

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

The following independent auditor's report on compliance with laws, regulations and contracts and internal control 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 Internal Control Over Financial Reporting

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, 1999 and have issued my report thereon dated February 28, 2000. I conducted my audit in accordance with 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 that are required to be reported under *Government Auditing Standards*. However, I noted a certain immaterial instance of noncompliance that I have reported to management of Fifth judicial District Drug Court, Inc. in a separate letter dated February 29, 2000.

### 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 matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

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FIFTH JUDICIAL DISTRICT DRUG COURT, INC.  
Oak Grove, Louisiana  
Independent Auditor's Report on Compliance  
And Internal Control Over Financial Reporting, etc.  
June 30, 1999

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

A handwritten signature in black ink, appearing to read 'Vernon', is written over the printed text.

West Monroe, Louisiana  
February 28, 2000

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

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999

**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. were disclosed during the audit.
3. No reportable conditions relating to the audit of the financial statements are 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, 1999**

The year ended June 30, 1999 was the first year of operations of Fifth Judicial District Drug Court, Inc.

**VERNON R  
COON**  
CERTIFIED PUBLIC ACCOUNTANT

MEMBER AMERICAN  
INSTITUTE OF CERTIFIED  
PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
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## MANAGEMENT LETTER

Judge Glen Strong, Sec/Treas  
Fifth Judicial District Drug Court, Inc.  
P.O. Box 1208  
Oak Grove, LA 71263

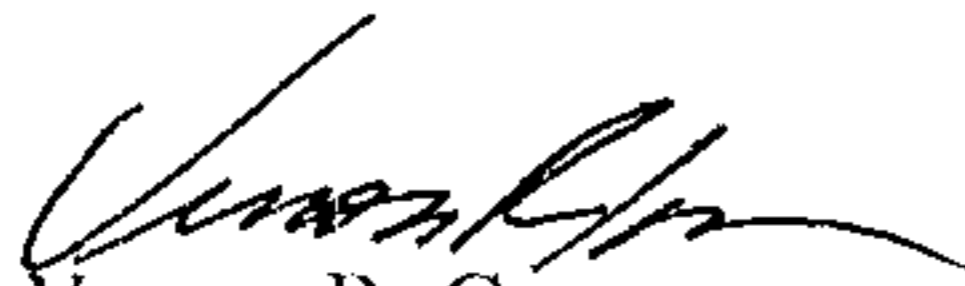
Judge Strong,

During the course of my audit of the financial statements of Fifth Judicial District Drug Court, Inc. for the year ended June 30, 1999, I noted a certain matter which, while not appropriate for inclusion in the various reports accompanying the financial statements, I feel should be conveyed to management.

State law requires that audits conducted in accordance with the Louisiana Governmental Audit Guide be completed and filed with the Office of Legislative Auditor within six months of the agency's year end. I understand that you were under the impression that your agency's year end was December 31 and was not aware that it is actually June 30 until contacted by the Office of Alcohol and Drug Abuse. As a result, you did not have sufficient time to have your audit completed within the required time

You should be aware that failure to have your audit reports filed by December 31 in the future will require that I have a finding in my report on compliance. I suggest that you make arrangements for future audits early enough to ensure their completion and filing prior to December 31<sup>st</sup>.

Should you have any questions, please feel free to call me.



Vernon R. Coon  
February 28, 2000

## CORRECTIVE ACTION PLAN

Dr. Daniel G. Kyle, Secretary  
Legislative Audit Advisory Council  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

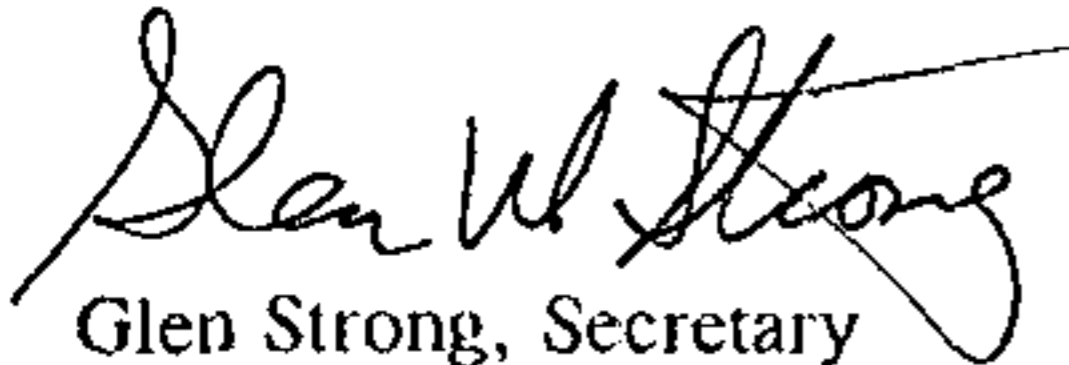
Dr. Kyle,

In connection with his audit of the financial statements of Fifth Judicial District Drug Court, Inc. for the year ended June 30, 1999, Mr. Vernon Coon issued a management letter which addressed our failure to have our audit completed and filed with your office by December 31, 1999, as required by state law. We were of the understanding that our year end was December 31<sup>st</sup>, however, I was notified by the Office of Alcohol and Drug Abuse that it was June 30<sup>th</sup>.

We did not have sufficient time to have the audit completed and filed by December 31<sup>st</sup>. To correct this problem and ensure that it does not recur, we will obtain and sign engagement letters for future audits prior to June 30 of each year.

We apologize for this error on our part and wish to assure the council that it will not happen again in the future. Should you have any questions, please feel free to contact me.

Respectfully



Glen Strong, Secretary  
February, 29, 2000  
P.O. Box 1208  
Oak Grove, LA 71263  
Tel 318-428-8265