

**INDEPENDENT AUDITORS' REPORT ON  
BASIC FINANCIAL STATEMENTS, COMPLIANCE,  
AND INTERNAL CONTROLS OF  
TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND  
FOR THE PARISH OF JEFFERSON, LOUISIANA  
December 31, 2009**

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 7/14/10

**TWENTY -FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*TABLE OF CONTENTS*

*December 31, 2009*

	<b>PAGE</b>
INDEPENDENT AUDITORS' REPORT.....	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	3-7
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	8
Statement of Activities .....	9
Fund Financial Statements:	
Governmental Fund Balance Sheet .....	10
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets .....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund Type .....	12-13
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type to the Statement of Activities.....	14
Notes to Financial Statements .....	15-24
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.....	25-26
<b>SUPPLEMENTAL SCHEDULE</b>	
Schedule of Expenditures of Federal Awards .....	27
Notes to the Schedule of Expenditures of Federal Awards .....	28
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	29-30
SCHEDULE OF FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN.....	32-33

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## INDEPENDENT AUDITORS' REPORT

To the Intensive Probation Drug Court Fund  
Twenty-Fourth Judicial District  
Gretna, Louisiana

We have audited the accompanying financial statements of the Intensive Probation Drug Court Fund of the Twenty-Fourth Judicial District (the Fund) as of and for the year ended December 31, 2009 as listed in the table of contents. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the basic 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2009 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2010 on our consideration of the Fund's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. 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 our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 25 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Intensive Probation Drug Court Fund of the Twenty-Fourth Judicial District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

KUSHNER LAGRAIZE, L.L.C.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
June 28, 2010

## **TWENTY-FOURTH JUDICIAL DISTRICT INTENSIVE PROBATION DRUG COURT FUND**

### *Management's Discussion and Analysis*

*December 31, 2009*

The Management's Discussion and Analysis (MD&A) of the Twenty-Fourth Judicial District Intensive Probation Drug Court Fund's (the Fund's) annual financial report provides important background information and management's analysis of the Fund's financial performance during the fiscal year that ended on December 31, 2009. Please read this section in conjunction with the basic financial statements and the notes to the financial statements beginning on page 15 of this report.

*The MD&A is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued in June 1999. Certain comparative information between the current year (2009) and the prior year (2008) is required to be presented in the MD&A.*

### **FINANCIAL HIGHLIGHTS**

The net assets of the Fund at the close of 2009 were \$777,853 of which \$58,764 is invested in capital assets. The remainder is considered unrestricted and may be used for any lawful purpose.

The Fund's total net assets increased by \$157,152 in 2009 because total revenues exceeded total expenses by that amount.

The total cost of the Fund's program increased by \$245,389. This is mainly due to the increase in salary expense and related benefits, the acquisition of additional building security, the costs related to the lab services performed in-house, and recognition of the Fund's other post employment benefit obligations as a result of implementing GASB 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", effective January 1, 2009.

The Fund's operating revenues increased by \$271,015 primarily due to an increase in the assessment fees collected as a result of the implementation of a payment program for participants who are in arrears and an increase in the number of treatment slots supported through the Louisiana State Supreme Court.

Although assessment fee revenues increased, probation fee revenue decreased due to the fees either waived by the presiding Judge or participant was unable to pay the fee.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*Management's Discussion and Analysis - Continued*

*December 31, 2009*

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This financial report consists of the following basic parts: management's discussion and analysis (this section) the basic financial statements, the notes to the financial statements and supplementary information.

The basic financial statements contained in this report are presented using Governmental Accounting Standards Board (GASB) accounting principles. These financial statements provide overall information about the Fund's financial activities on both a short-term and long-term basis. The statement of net assets presents information about its assets (resources) and liabilities (the amounts obligated to its creditors). The statement of activities presents information about the current years' revenues and expenses. This statement can be used to measure operating improvements or deterioration. The statement also provides useful information for determining whether the Fund's revenues were sufficient to allow the Fund to recover all its costs. The notes to financial statements are also an integral part of this report.

**FINANCIAL ANALYSIS OF THE FUND**

The statement of net assets and the statement of activities report information about the Fund's activities. These two statements report the net assets of the Fund and changes in them. Increases or decreases in the Fund's net assets are one of a number of indicators of whether its overall financial health is improving or deteriorating. However, other non-financial factors such as the number of drug court participants should also be considered.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*Management's Discussion and Analysis - Continued*

*December 31, 2009*

**Net Assets**

A summary of the Fund's statements of net assets is presented in Table I below.

**TABLE I**

Condensed Statements of Net Assets  
as of December 31, 2009 and 2008

	2009	2008	Change
Current assets	\$ 787,208	\$ 621,288	\$ 165,920
NonCurrent assets:			
Capital assets – net	<u>58,764</u>	<u>54,989</u>	<u>3,775</u>
Total Assets	<u>845,972</u>	<u>676,277</u>	<u>169,695</u>
Current Liabilities	48,614	55,576	(6,962)
NonCurrent Liabilities:			
OPEB payable	19,505	-	19,505
Total Liabilities	<u>68,119</u>	<u>55,576</u>	<u>12,543</u>
Net assets:			
Invested in capital assets	58,764	54,989	3,775
Unrestricted	<u>719,089</u>	<u>565,712</u>	<u>153,377</u>
Total Net Assets	<u>\$ 777,853</u>	<u>\$ 620,701</u>	<u>\$ 157,152</u>

As shown in Table I, total assets increased by \$169,695 from \$676,277 in 2008 to \$845,972 at December 31, 2009. Liabilities increased by \$12,543 from \$55,576 in 2009 to \$68,119 at December 31, 2009.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*Management's Discussion and Analysis - Continued*

December 31, 2009

**Changes in Net Assets**

The Fund's net assets increased \$157,152 to \$777,853 in fiscal year 2009, from \$620,701 at the end of fiscal year 2008. The change resulted primarily from an increase in funds received from the Louisiana State Supreme Court as well as an increase in assessment fees collected.

**Summary of Statement of Activities**

The following table presents a summary of the Fund's historical revenues and expenses for the fiscal years ended December 31, 2009 and 2008:

TABLE 2

Condensed Statements of Activities  
For the Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Operating revenues	\$ 638,696	\$ 367,681	\$ 271,015
Operating expenses	<u>1,120,433</u>	<u>875,044</u>	<u>245,389</u>
Operating income (loss)	<u>(481,737)</u>	<u>(507,363)</u>	<u>25,626</u>
Nonoperating revenues			
Intergovernmental	589,907	546,618	43,289
Miscellaneous	<u>48,982</u>	<u>20,856</u>	<u>28,126</u>
	<u>638,889</u>	<u>567,474</u>	<u>71,415</u>
Change in net assets	157,152	60,111	97,041
Total net assets, beginning of year	<u>620,701</u>	<u>560,590</u>	<u>60,111</u>
Total net assets, end of year	<u>\$ 777,853</u>	<u>\$ 620,701</u>	<u>\$ 157,152</u>

Operating loss decreased by \$25,626 in 2009. Total net assets were \$777,853 and \$620,701 at the end of 2009 and 2008, respectively. The \$157,152 increase in assets is due to the factors noted above.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*Management's Discussion and Analysis - Continued*

*December 31, 2009*

***Contacting the Fund's Financial Management***

This financial report is designed to provide all interested parties with a general overview of the Fund's finances and to demonstrate the Fund's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Drug Court Administrator's Office at (504) 364-3478.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

STATEMENT OF NET ASSETS

*December 31, 2009*

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 682,580
Due from Louisiana State Supreme Court	90,069
Account receivable – other	14,559
Capital assets (net of accumulated depreciation)	<u>58,764</u>
<b>TOTAL ASSETS</b>	<b>845,972</b>
<b>LIABILITIES</b>	
Accounts payable	48,614
OPEB payable	<u>19,505</u>
<b>TOTAL LIABILITIES</b>	<b>68,119</b>
<b>NET ASSETS</b>	
Invested in capital assets	58,764
Unrestricted	<u>719,089</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$ 777,853</u></b>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**STATEMENT OF ACTIVITIES**

December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
<b>Governmental Activities:</b>				
Intensive Probation Drug Court Fund	\$ 1,120,433	\$ 469,999	\$ 168,697	\$ (481,737)
Total Governmental Activities	<u>\$ 1,120,433</u>	<u>\$ 469,999</u>	<u>\$ 168,697</u>	<u>(481,737)</u>
<b>General revenues:</b>				
Intergovernmental				589,907
Contributions & donations				<u>48,982</u>
Total general revenues				<u>638,889</u>
Increase in net assets				157,152
Net assets – January 1, 2009				<u>620,701</u>
Net assets – December 31, 2009				<u>\$ 777,853</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**GOVERNMENTAL FUND BALANCE SHEET**

December 31, 2009

	Governmental Fund Type
	General Fund
<b>ASSETS</b>	
Cash	\$ 682,580
Due from Louisiana State Supreme Court	90,069
Accounts receivable – other	<u>14,559</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 787,208</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 48,614
<b>FUND BALANCE</b>	
Fund balance	<u>738,594</u>
<b>TOTAL FUND BALANCE</b>	<b><u>738,594</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 787,208</u></b>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

December 31, 2009

Total fund balance at December 31, 2009		
Governmental fund		\$ 738,594
Cost of capital assets at December 31, 2009	\$ 110,061	
Less accumulated depreciation as of December 31, 2009	(51,297)	
Less net OPEB obligation	<u>(19,505)</u>	<u>39,259</u>
Net Assets at December 31, 2009		<u>\$ 777,853</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUND TYPE**

Year Ended December 31, 2009

	General Fund
<b>Revenues</b>	
Charges for services	
Assessment fees	\$ 372,511
Probation fees	97,488
Other revenues	
Federal grants	168,697
Intergovernmental	589,907
Contributions & donations	48,982
<b>Total Revenues</b>	<b>1,277,585</b>
<b>Expenditures</b>	
Current	
General government	
Advertising	379
Audit fees	12,573
Building materials	6,913
Central telephone service	105
Computer services	8,301
Contract personnel	126,312
Equipment rent	225
Expense allowance	10,770
FICA	1,271
Food	578
Health – current	32,311
Health – retirement	9,583
Janitorial	3,953
JPRS	6,214
Lab services	41,902
Life – current	541
Life – retirement	173
Linen services	242
Medicare	5,731
Miscellaneous expense	1,326
Office equipment rent	2,696
Office supply	17,164
Other miscellaneous expense	3,825

The accompanying notes are an integral part of this statement.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - Continued**

*Year Ended December 31, 2009*

	<u>General Fund</u>
Expenditures	
Current	
General Government	
Par employee	46,137
Pension factor	942
Physicals	84
Professional services	345,317
Salaries	398,138
Small computer equipment	1,679
Small office equipment	4,726
Training & travel	14,592
Total Current Expenditures	<u>1,104,703</u>
Excess of Revenues over Expenditures	172,882
Fund Balance	
Beginning of Year	<u>565,712</u>
End of Year	<u>\$ 738,594</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**RECONCILIATION OF THE GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

December 31, 2009

Total net increase in fund balance – governmental fund		\$	172,882
Amounts reported for governmental activities in the Statement of Activities are different because:			
Capital outlay	16,254		
Depreciation expense	(12,479)		
Net OPEB obligation	<u>(19,505)</u>		<u>(15,730)</u>
Increase in net assets of governmental activities		\$	<u>157,152</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Twenty-Fourth Judicial District Intensive Probation Drug Court Fund (the Fund) conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

***Reporting Entity***

As provided by Revised Statutes 13:5304, the Fund was created for the purpose or purposes related to the establishment and proper administration of a probation program of the Twenty-Fourth Judicial District Court to be administered by the presiding judge or judges thereof or by an employee designated by the Court of the Twenty-Fourth Judicial District Court.

As required by U. S. generally accepted accounting principles, the financial statements of the reporting entity present the primary government and its component units. The accompanying financial statements present the Fund as the primary government. No other organization was determined to be a component unit of the Fund. Therefore, no blended or discretely presented component units are presented in the accompanying financial statements.

***Basis of Presentation***

The accompanying financial statements of the Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999.

***Basis of Accounting***

**Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. Activities are presented using the economic resources method. The accounting objective of this measurement focus is the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with the government's activities are reported. Fund equity is classified as net assets. Government activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, the Statement of Net Assets and Statement of Activities present revenues, expenses and capital asset acquisitions as follows:

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

*December 31, 2009*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Basis of Accounting - Continued***

Revenues - Revenues are recognized in the accounting period in which they are earned.

Grants - Grants are recognized as soon as all eligibility requirements imposed by the provider have been met.

Expenses - Expenses are recorded when the liability is incurred or economic asset used.

Capital Assets - All capital assets are valued at historical cost, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Program revenues include 1) assessment and probation fees which are directly used for proper administration or function of the probation program and its office 2) grants that are restricted to meeting the operational requirements of the probation program and its office.

**Fund Financial Statements**

The Fund uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are typically classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds are accounted for using a current financial resource measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

Operating statements of these funds present increases (i.e., revenues and grants) and decreases (i.e., expenditures) in net current assets.

The modified accrual basis of accounting is used by governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Fees collected and held by intermediary collecting governments at year-end on behalf of the Fund are considered susceptible to accrual and are recognized as revenues.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

***Cash***

All of the Fund's deposits, including cash, money market accounts, and certificates of deposit are carried at cost. The Fund's bank deposits are held at the same financial institutions as other funds of Jefferson Parish (the Parish), thus sharing in the maximum amount of federal depository insurance of that institution. At year-end, the carrying amounts of these deposits were \$682,580.

***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the Fund's deposits may not be returned to it. All of the bank balance was covered by federal depository insurance or by collateral held by the pledging financial institutions trust department or agent in the Parish's name.

***Capital Assets and Depreciation***

For the government-wide financial statements, capital assets are recorded at cost in the statement of net assets. Donated assets are valued at their estimated fair market value on the date received. The Fund does not have any infrastructure assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Equipment	5 - 7 years

For fund financial statements, capital acquisitions are reflected as expenditures in the governmental fund at the time purchased.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

***Budgetary Accounting***

The administration of the Fund prepares an annual budget of the General Fund. The budget is legally enacted and amended through a meeting of the Fund's administration. The budget is prepared primarily on the modified accrual basis of accounting, except that losses resulting from claims and litigation are recorded when paid instead of when the liability arises.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*NOTES TO FINANCIAL STATEMENTS - CONTINUED*

December 31, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

***Budgetary Accounting – Continued***

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – Budget (Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on the budgetary basis. Budgeted amounts are as originally adopted or as finally amended by the Fund’s administration.

***Equity Classifications***

In the government-wide financial statements, equity is classified as net assets and displayed in two components:

- a. Invested in capital assets – consist of capital assets including restricted assets, net of accumulated depreciation.
- b. Unrestricted net assets – consist of all other net assets that do not meet the definition of “invested in capital assets.”

NOTE 2 - ACCOUNTS RECEIVABLE

These amounts consist of the fees due from the Louisiana State Supreme Court for services administered to participants and probation and assessment fees collected through December 31, 2009 but not yet remitted to the Intensive Probation Drug Court Fund.

NOTE 3 - CAPITAL ASSETS

A summary of changes in Capital Assets during the year is as follows:

	Balance <u>01/01/09</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/09</u>
Furniture and equipment	\$ 93,807	\$ 16,254	\$ -	\$ 110,061
Total at historical cost	<u>93,807</u>	<u>16,254</u>	<u>-</u>	<u>110,061</u>
Total accumulated depreciation	<u>38,818</u>	<u>12,479</u>	<u>-</u>	<u>51,297</u>
Capital assets, net	<u>\$ 54,989</u>	<u>\$ 3,775</u>	<u>\$ -</u>	<u>\$ 58,764</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

*NOTES TO FINANCIAL STATEMENTS - CONTINUED*

*December 31, 2009*

**NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

The statutes which created the Fund place certain limitations and restrictions on the collections and disbursements of the Fund. The Fund is in compliance with all significant limitations and restrictions for 2009.

**NOTE 5 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 28, 2010, which is the date the financial statements were available to be issued.

**NOTE 6 - RISK MANAGEMENT**

The Fund is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fund has obtained liability insurance for the judges and hearing officers and other supporting staff, as well as for employee dishonesty. Losses associated with the destruction or damage to assets are covered through the Twenty-Fourth Judicial District Court.

**NOTE 7 - POST-EMPLOYMENT BENEFITS**

***Health and Life Insurance - Plan Description***

The Twenty-Fourth Judicial District Intensive Probation Drug Court Fund (the Fund) provides health care and life insurance benefits to its employees upon retirement through the retirement plan implemented by Jefferson Parish as authorized by Resolution No. 74791. Health coverage includes a fully insured group health maintenance organization plan (HMO) together with Medicare 65 plans for those eligible. Life insurance coverage is continued after retirement but a reduced amount of coverage.

Medical benefits are provided to employees upon retirement according to the retirement eligibility provisions as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. The plan is a fully insured, single-employer defined benefit plan. Life insurance coverage is provided in the amount of \$10,000 for retirees under age 70 and \$5,000 to retirees age 70 and older.

***Funding Policy***

Until 2009, The Fund recognized the cost of providing post-employment medical and life benefits (the Fund's portion of the retiree medical and life benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2009, The Fund's portion of health care funding cost for retired employees totaled \$9,583, and the life insurance totaled \$173.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE 7 – POST-EMPLOYMENT BENEFITS (continued)

**Funding Policy - continued**

Effective with the Fiscal Year beginning January 1, 2009, The Fund implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). The provisions of Statement 45 may be applied prospectively and do not require governments to fund the OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded liability is required to be amortized over future periods. The Fund applied GASB 45 prospectively, therefore establishing its OPEB liability at zero.

**Annual Required Contribution (ARC)**

The Fund's Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the medical and life insurance benefits. The total ARC for the fiscal year beginning January 1, 2009 is \$28,547 for medical, and \$1,180 for life, as set forth below:

	Medical	Life
Normal Cost	\$ 7,457	\$ 356
30-year AAL amortization amount	20,536	801
Interest	554	23
Annual required contribution (ARC)	\$ 28,547	\$ 1,180

**Net Post-employment Benefit Obligation**

The table below shows the Fund's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2009:

	Medical	Life
Annual Required Contribution	\$ 28,547	\$ 1,180
Less: ARC Adjustment	(1,569)	(15)
Interest Earned on Investment (Net of Fees)	1,107	11
Annual Post-Employment Benefit Cost	28,085	1,176
Contributions:		
Current year retiree premiums	(9,583)	(173)
Increase (Decrease) in Benefit Obligation	18,502	1,003
Net Post-employment Benefit Obligation, Beginning of year	-	-
Net Post-employment Benefit Obligation, End of year	\$ 18,502	\$ 1,003

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2009

NOTE 7 – POST-EMPLOYMENT BENEFITS (continued)

The following table shows the Fund's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability (asset):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 29,261	33.3%	\$ 19,505

**Funded Status and Funding Progress**

As of December 31, 2009, the Fund has not made an annual required contribution to its post employment benefits. As of January 1, 2009, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$369,321 (medical) and \$14,409 (life), which is defined as the portion, as determined by a particular actuarial cost method (the Parish uses the United Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>Medical</u>	<u>Life</u>
Actuarial Accrued Liability (AAL)	\$ 369,321	\$ 14,409
Actuarial Value of Plan Assets	-	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>369,321</u>	<u>14,409</u>
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Total Payroll	\$ 398,138	\$ 398,138
UAAL as a percentage of covered payroll	92.8%	3.6%

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio Percentage</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
12/31/2009	\$ 0	\$ 383,730	\$ 383,730	0%	\$ 398,138	96.4%

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2009

NOTE 7 – POST-EMPLOYMENT BENEFITS (continued)

**Actuarial Methods and Assumption**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Fund and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Fund and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Fund and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method**

The ARC is determined using the Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets are based on actuarial valuations a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

**Turnover Rate**

The following age related turnover scale was used:

Age	Percent Turnover
18 – 25	35.0%
26-40	25.0%
41-54	20.0%
55+	10.0%

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

*December 31, 2009*

**NOTE 7 – POST-EMPLOYMENT BENEFITS (continued)**

***Post employment Benefit Plan Eligibility Requirements***

It is assumed that entitlement to benefits will commence three years after earliest eligibility for retirement. Eligibility for retirement has been assumed to be the earliest of: (1) 30 years of service at any age, (2) age 55 and 25 years of service, (3) age 60 and 10 years of service or (4) age 65 and 7 years of service. Entitlement to benefits continues through Medicare to death.

***Investment Return Assumption (Discount Rate)***

GASB Statement 45 states that the investment return assumption should be estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. Based on the assumption that the ARC will be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

***Future Cost Increase (Trend) Rate***

The expected rate of increase in medical cost is based on 10% graded uniformly to 5% over 10 years. Retiree life insurance premiums are paid 100% by the Parish. The rate for retirees is \$1.44 per \$1,000 of insurance inforce per month. The same actuarial assumptions as those used for medical benefits were used to value life insurance post-employment except that a zero trend factor assumption was used.

***Mortality Rate***

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, is used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pensions plans.

***Method of Determining Value of Benefits***

The portion of the total retiree medical premium which would be paid by the Fund is determined according to a "vesting" schedule based on the number of years of service at retirement date. There are different schedules for retiree coverage and for dependent coverage. The portion of the premium after retirement date (based on these "vesting" schedules) expected to be paid by the Fund for each retiree has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. It has been assumed that enrollees will retain the same coverage types after retirement date as they had during employment.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

December 31, 2009

**NOTE 7 – POST-EMPLOYMENT BENEFITS (continued)**

**Cost of Living Plan**

In addition to the health care and life insurance benefits noted above, the Fund also provides a supplement to retirees' pensions as authorized by Jefferson Parish Ordinance No. 18176. This benefit is available to retirees participating in either the Employees' Retirement System of Jefferson Parish or the Parochial Employees' Retirement System of Louisiana who have been retired for at least one year. This additional benefit is paid once a year and is calculated as 2% of the monthly benefit times the number of months the person has been retired including partial year. The minimum additional payment is \$350 and the maximum payment is \$1,200. Any additional payment due to the retiree per these calculations is further reduced by any cost of living adjustment benefits paid by the Parochial Employees' Retirement System of Louisiana (not available to all plan participants). One retiree received the cost of living adjustment from the Fund in 2009.

**NOTE 8 – RETIREMENT PLAN**

All employees of the Fund are members of the Parochial Employees' Retirement System (the Plan), a cost-sharing multiple employer defined benefit plan established by the Louisiana legislature as of January 1, 1953, by Act 205 of 1952. The Plan is composed of two distinct plans – Plan A and Plan B with separate asset & benefit provisions. All employees of the Fund are members of Plan A.

Under the Plan, a member is eligible for normal retirement if the participant has at least 30 years of creditable service regardless of age, or 25 years of creditable service and is at least 55 years old, or 10 years of creditable service and is at least 60 years old or 7 years of creditable service and is at least 65 years old. The monthly retirement benefit is equal to three percent of the member's average monthly compensation for any 36 months of consecutive service in which compensation was highest, multiplied by years of creditable service, not to exceed 100 percent of the member's final compensation. Retirement benefits are payable monthly for the life of the retiree. Under certain conditions, upon the retiree's death, benefits are payable to the retiree's surviving spouse and minor children.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The financial report of the year ended December 31, 2008 may be obtained by writing to: The Parochial Employees' Retirement System, P.O. Box 14619, Baton Rouge, LA 70898.

Funding Policy - Member contributions, established by Statute at 9.5% of compensation for Plan A, are deducted from the member's salary and remitted by the participating employers. Employer contributions are actuarially determined every fiscal year according to statutory process. The unfunded actuarial accrued liability is being amortized over a 30 year period under the frozen attained age normal cost method. Written notice of these rates is provided to employers annually. In 2009, the employer rate was 12.75% for Plan A. Actual contributions made by the Fund for the years 2009, 2008, and 2007 were \$46,137, \$35,858, and \$33,103, respectively.

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

Year Ended December 31, 2009

	<u>BUDGETED AMOUNTS</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>General Fund</u>	<u>Variance with Final Budget- Positive (Negative)</u>
<b>Revenues</b>				
Charges for services				
Assessment fees	\$ 200,000	\$ 200,000	\$ 372,511	\$ 172,511
Probation fees	200,000	200,000	97,488	(102,512)
Other revenues				
Federal grants	-	-	168,697	168,697
Intergovernmental	832,500	832,500	589,907	(242,593)
Contributions & donations	<u>20,000</u>	<u>20,000</u>	<u>48,982</u>	<u>28,982</u>
 Total Revenues	 1,252,500	 1,252,500	 1,277,585	 25,085
 <b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Advertising	800	800	379	421
Audit fees	-	12,574	12,573	1
Building materials	-	6,913	6,913	-
Central telephone service	2,400	2,400	105	2,295
Computer services	3,000	9,621	8,301	1,320
Contract personnel	96,800	182,200	126,312	55,888
Drug tests	200	200	-	200
Equipment rent	32,000	17,000	225	16,775
Expense allowance	1,900	13,270	10,770	2,500
FICA	1,855	1,855	1,271	584
Food	1,000	1,000	578	422
Health – current	42,502	59,133	32,311	26,822
Health – retirement	11,326	11,326	9,583	1,743
Janitorial	3,400	4,897	3,953	944
JPRS	5,076	10,058	6,214	3,844
Lab services	10,034	78,534	41,902	36,632
Life – current	852	1,782	541	1,241
Life – retirement	250	250	173	77
Linen service	-	500	242	258

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - *Continued*

Year Ended December 31, 2009

	<u>BUDGETED AMOUNTS</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>General Fund</u>	Variance with Final Budget- Positive (Negative)
Expenditures				
Current				
General government				
Medicare	4,897	9,681	5,731	3,950
Miscellaneous expense	1,800	1,800	1,326	474
Office equipment rent	3,500	3,500	2,696	804
Office supply	15,000	23,948	17,164	6,784
Other miscellaneous expense	7,000	7,000	3,825	3,175
Par employee	39,062	82,782	46,137	36,645
Pension factor	2,165	1,580	942	638
Physicals	370	370	84	286
Professional services	298,473	589,460	345,317	244,143
Salaries	324,233	594,112	398,138	195,974
Salaries – overtime	(7,000)	-	-	-
Small computer equipment	1,000	1,835	1,679	156
Small furniture	-	139	-	139
Security guard	50,000	50,000	-	50,000
Small office equipment	6,767	10,234	4,726	5,508
Training & travel	16,569	30,569	14,592	15,977
Workmen's Compensation	-	1,565	-	1,565
Total Current Expenditures	<u>977,231</u>	<u>1,822,888</u>	<u>1,104,703</u>	<u>718,185</u>
Excess (Deficiency) of Revenues over Expenditures	275,269	(570,388)	172,882	743,270
Fund Balance Beginning of Year	<u>565,712</u>	<u>565,712</u>	<u>565,712</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 840,981</u>	<u>\$ (4,676)</u>	<u>\$ 738,594</u>	<u>\$ 743,270</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2009**

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Health and Human Services Passed through the Louisiana Department of Social Services: Temporary Assistance for Needy Families (TANF) State Plan	93.558	\$ <u>168,697</u>
Total Federal Awards Expended		\$ <u>168,697</u>

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

***Basis of Presentation***

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of the *Twenty-Fourth Judicial District Intensive Probation Drug Court Fund (the Fund)* and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

# *Kushner LaGraize, L.L.C.*

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Intensive Probation Drug Court Fund  
Twenty-Fourth Judicial District  
Gretna, Louisiana

We have audited the financial statements of the Twenty-Fourth Judicial District Intensive Probation Drug Court Fund (the Fund) as of and for the year ended December 31, 2009 and have issued our report thereon dated June 28, 2010. We conducted our 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.

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

In planning and performing our audit, we considered the Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A deficiency in internal control 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 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.

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings Item 2009-1.

This report is intended solely for the information and use of the Twenty-Fourth Judicial District Court Judges, the Drug Court Administrator and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

KUSHNER LAGRAIZE, L.L.C.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
June 28, 2010

**SCHEDULE OF FINDINGS**

**TWENTY-FOURTH JUDICIAL DISTRICT  
INTENSIVE PROBATION DRUG COURT FUND**

**SCHEDULE OF FINDINGS  
For The Year Ended December 31, 2009**

**SECTION I - SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Twenty-Fourth Judicial District Intensive Probation Drug Court Fund (the Fund).
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting And on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards*.
3. One instance of noncompliance of the Fund is reported in the *Report on Internal Control Over Financial Reporting And on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards*.

**SECTION II - FINANCIAL STATEMENT FINDINGS**

Finding 2009-1

During our audit we noted a purchase order for an air conditioner in the amount of \$6,913 which did not have the required fax or letter bids attached as required by the purchasing procedures and guidelines of the Twenty-Fourth Judicial District Court (the Court) for purchases made between \$5,000 and \$20,000.

Recommendation

We recommend the Fund comply with the purchasing procedures and guidelines as required by the Court.

Response

See Management's Corrective Action Plan.



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BELINDA CONSTANT  
ADMINISTRATOR

**TWENTY-FOURTH JUDICIAL DISTRICT**  
**Intensive Probation Drug Court**  
**PARISH OF JEFFERSON**  
**STATE OF LOUISIANA**

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(504) 364-3479

**CORRECTIVE ACTION PLAN**  
**SUMMARY OF FINDINGS**

June 15, 2010

Louisiana Legislative Auditor

The Intensive Probation Drug Court of the Twenty-Fourth Judicial District respectfully submits the following corrective active plan for the year ended December 31, 2009.

Independent Public Accounting Firm:  
Kushner, LaGraize, L.L.C  
3330 West Esplanade Avenue, Suite 100  
Metairie, Louisiana 70002

Audit Period: January 1, 2009 through December 31, 2009

**Finding 2009-1**

During our audit we noted a purchase order for an air conditioner in the amount of \$6,913 which did not have the required fax or letter bids attached as required by the purchasing procedures and guidelines of the Twenty-Fourth Judicial District Court (the Court) for purchases made between \$5,000 and \$20,000.

**Recommendation**

We recommend the Fund comply with the purchasing procedures and guidelines as required by the Court.

**Management's Response**

Management considers this an isolated incident and will ensure that future purchases are in compliance with all purchasing procedures and guidelines of the Court.