

**Nineteenth Judicial District Court Building Commission  
Baton Rouge, Louisiana  
Financial Report  
June 30, 2023**

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## **Independent Auditor's Report**

Ms. Diana B. Gibbens, Judicial Administrator,  
and the Honorable Judges of  
Nineteenth Judicial District Court Building Commission  
Baton Rouge, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Nineteenth Judicial District Court Building Commission (a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nineteenth Judicial District Court Building Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Nineteenth Judicial District Court Building Commission, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nineteenth Judicial District Court Building Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nineteenth Judicial District Court Building Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Nineteenth Judicial District Court Building Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nineteenth Judicial District Court Building Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nineteenth Judicial District Court Building Commission's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer and justice system funding schedule – receiving entity – cash basis as required by Act 87 of the 2020 regular legislative session, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 our opinion, the schedule of compensation, benefits and other payments to agency head or chief executive officer and justice system funding schedule – receiving entity – cash basis as required by Act 87 of the 2020 regular legislative session are 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*, we have also issued our report dated December 22, 2023, on our consideration of Nineteenth Judicial District Court Building Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Nineteenth Judicial District Court Building Commission's 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 Nineteenth Judicial District Court Building Commission's internal control over financial reporting and compliance.

*Hawthorn, Waymouth & Carroll, LLP*

December 22, 2023

**Nineteenth Judicial District Court Building Commission  
Management's Discussion and Analysis  
June 30, 2023**

Management's discussion and analysis (MD&A) of Nineteenth Judicial District Court Building Commission (the "Commission") provides an overview of the Commission's activities for the years ended June 30, 2023 and 2022. Please read this section in conjunction with the Commission's basic financial statements that begin on page 10 of this report.

**Financial Highlights**

Filing and recording fee revenue totaled approximately \$7.3 million for the years ended June 30, 2023 and 2022.

For the years ended June 30, 2023 and 2022, bond holder interest and principal payments were approximately \$8.3 million.

The Commission reported a net deficit of \$4.3 million as of June 30, 2023 and a net deficit of \$1.5 million as of June 30, 2022. The decline in net position is primarily attributable to interest and fiscal charges on long-term debt exceeding net revenue from judicial court operations.

**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 10 and 11 provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. The fund financial statements on pages 12 through 15, tell how governmental activities were financed in the short term as well as what remains for future spending. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's governmental funds.

**Reporting on the Commission as a Whole**

The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Commission's net position and the change in net position, which is a way to measure the Commission's financial health. Over time, increases or decreases in the Commission's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors to be considered are the number of cases handled by District Court, as well as the number of judgeships approved by the State Legislature, the real estate market and its related recordation fees with the East Baton Rouge Parish Clerk of Court ("Clerk of Court") and the State's economic condition, to better assess the overall health of the Commission.

Currently, the Commission has only governmental activities that provide for equipment, furnishings, office space and debt service related to the proper administration of the Commission, which are primarily civil filing fees and recordation fees that are used to finance these activities.

**Nineteenth Judicial District Court Building Commission  
Management's Discussion and Analysis  
June 30, 2023**

**Government-wide Financial Analysis**

The following table reflects the condensed statements of net position as of June 30, 2023, with comparative figures as of June 30, 2022:

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>	<u>\$ 143,487,301</u>	<u>\$ 148,459,881</u>
<b>Deferred Outflows of Resources</b>	<u>4,609,347</u>	<u>4,846,316</u>
<b>Liabilities</b>	<u>152,437,072</u>	<u>154,782,918</u>
<b>Net Position (Deficit)</b>		
Net investment in capital assets	(88,281,873)	(87,018,305)
Restricted	80,171,381	80,871,417
Unrestricted	<u>3,770,068</u>	<u>4,670,167</u>
Total net position (deficit)	<u>\$ (4,340,424)</u>	<u>\$ (1,476,721)</u>

The following table reflects the condensed statements of activities for the year ended June 30, 2023, with comparative figures from the year ended June 30, 2022:

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Charges for services	\$ 7,284,477	\$ 7,308,839
General revenue (loss)	<u>367,242</u>	<u>(3,358,655)</u>
Total revenue	<u>7,651,719</u>	<u>3,950,184</u>
<b>Expenses</b>		
Judicial court operations	4,090,546	3,961,176
Interest and fiscal charges on long-term debt	<u>6,424,876</u>	<u>6,195,372</u>
Total expenses	<u>10,515,422</u>	<u>10,156,548</u>
<b>Change in Net Position</b>	(2,863,703)	(6,206,364)
<b>Net Position (Deficit)</b>		
Beginning of year	<u>(1,476,721)</u>	<u>4,729,643</u>
End of year	<u>\$ (4,340,424)</u>	<u>\$ (1,476,721)</u>

**Nineteenth Judicial District Court Building Commission  
Management's Discussion and Analysis  
June 30, 2023**

**Financial Analysis of Governmental Funds**

The combined ending fund balance for all governmental funds as of June 30, 2023 was \$79,733,139 compared to \$81,150,592 in the prior year. The combined ending fund balance had a net decrease of \$1,417,453 for the year ended June 30, 2023.

**Capital Assets and Debt Administration**

*Capital Assets*

As of June 30, 2023, the Commission had approximately \$64 million invested in capital assets, net of accumulated depreciation, including the courthouse building, computer equipment, and office equipment. The following table presents capital assets, net of accumulated depreciation, at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Building and improvements	\$ 63,157,673	\$ 66,682,990
Office equipment	70,576	23,863
Computer equipment and software	341,465	287,916
Furniture and fixtures	42,872	2,218
Capital assets, net	<u>\$ 63,612,586</u>	<u>\$ 66,996,987</u>

*Debt Administration*

The Commission had \$150,465,000 of outstanding bond principal due to its debt holders on its Series 2015 and Series 2021 Revenue Bonds as of June 30, 2023.

*Economic Factors and Next Year's Budgets and Rates*

The Commission anticipates stabilized revenue and operating expenses for the year ended June 30, 2024.

**Request for Information**

Questions regarding this report or the need for additional financial information should be directed to the Director of Finance at Nineteenth Judicial District Court Building Commission, 300 North Boulevard, Suite 3606, Baton Rouge, Louisiana.

## **Basic Financial Statements**

**Nineteenth Judicial District Court Building Commission**  
**Statement of Net Position**  
**June 30, 2023**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,126,677
Receivable from other governments	364,181
Accrued interest receivable	45,596
Prepaid expenses	121,232
Restricted assets	
Cash and cash equivalents	13,727,573
Investments	63,489,456
Capital assets, net of accumulated depreciation	<u>63,612,586</u>
Total assets	<u>143,487,301</u>
<b>Deferred Outflows of Resources</b>	
Prepaid bond insurance	989,098
Debt refunding	<u>3,620,249</u>
Total deferred outflows of resources	<u>4,609,347</u>
<b>Liabilities</b>	
Accounts payable	19,129
Interest payable to bondholders	522,269
Due to the Judicial Expense Fund	1,215
Noncurrent liabilities	
Due within one year	2,175,833
Due in more than one year	<u>149,718,626</u>
Total liabilities	<u>152,437,072</u>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	(88,281,873)
Restricted for:	
Debt service	80,171,381
Unrestricted	<u>3,770,068</u>
Total net position (deficit)	<u>\$ (4,340,424)</u>

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission  
Statement of Activities  
Year Ended June 30, 2023**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
<b>Functions and Programs</b>				
Judicial court operations	\$ 4,090,546	\$ 7,284,477	\$ -	\$ 3,193,931
Interest and fiscal charges on long-term debt	<u>6,424,876</u>	<u>-</u>	<u>-</u>	<u>(6,424,876)</u>
Total	<u>\$ 10,515,422</u>	<u>\$ 7,284,477</u>	<u>\$ -</u>	<u>(3,230,945)</u>
<b>General Revenue</b>				
Investment earnings				357,973
Court fees				<u>9,269</u>
General revenue				<u>367,242</u>
<b>Change in Net Position</b>				(2,863,703)
<b>Net Position (Deficit)</b>				
Beginning of year				<u>(1,476,721)</u>
End of year				<u>\$ (4,340,424)</u>

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission**  
**Balance Sheet - Governmental Funds**  
**June 30, 2023**

	<b>Capital Project Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,575,264	\$ 551,413	\$ 2,126,677
Receivable from other governments	621	363,560	364,181
Accrued interest receivable	-	45,596	45,596
Due from other fund	-	1,995,783	1,995,783
Restricted assets			
Cash and cash equivalents	-	13,727,573	13,727,573
Investments	-	63,489,456	63,489,456
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,575,885</u>	<u>\$ 80,173,381</u>	<u>\$ 81,749,266</u>
<b>Liabilities</b>			
Accounts payable	\$ 17,129	\$ 2,000	\$ 19,129
Due to the Judicial Expense Fund	1,215	-	1,215
Due to other fund	1,995,783	-	1,995,783
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>2,014,127</u>	<u>2,000</u>	<u>2,016,127</u>
<b>Fund Balance (Deficit)</b>			
Restricted fund balance	-	80,171,381	80,171,381
Unassigned fund balance (deficit)	(438,242)	-	(438,242)
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance (deficit)	<u>(438,242)</u>	<u>80,171,381</u>	<u>79,733,139</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance (deficit)	<u>\$ 1,575,885</u>	<u>\$ 80,173,381</u>	<u>\$ 81,749,266</u>

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission  
Reconciliation of the Governmental Funds Balance  
Sheet to the Statement of Net Position  
June 30, 2023**

Total governmental fund balance (deficit)	<u>\$ 79,733,139</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	
Depreciable capital assets	113,530,878
Less: accumulated depreciation	<u>(49,918,292)</u>
	<u>63,612,586</u>
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.	
Prepaid expenses	<u>121,232</u>
The deferred outflows of resources for expenditures are not a use of current resources and, therefore, are not reported in the fund financial statements.	
Prepaid bond insurance	989,098
Debt refunding	<u>3,620,249</u>
	<u>4,609,347</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the governmental funds.	
Interest payable to bondholders	(522,269)
Bonds payable	(150,465,000)
Net deferred amount of premium	(1,828,487)
Net deferred amount of discount	<u>399,028</u>
	<u>(152,416,728)</u>
Net position (deficit) of governmental activities	<u>\$ (4,340,424)</u>

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission  
Statement of Revenues, Expenditures and Changes in Fund  
Balances - Governmental Funds  
Year Ended June 30, 2023**

	<b>Capital Project Fund</b>	<b>Debt Service Fund</b>	<b>Total Governmental Funds</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues</b>			
Charges for services			
Civil court filing fees	\$ -	\$ 5,639,577	\$ 5,639,577
Recording fees	-	1,644,900	1,644,900
Court fees	9,269	-	9,269
Investment earnings	<u>3,237</u>	<u>354,736</u>	<u>357,973</u>
Revenues	<u>12,506</u>	<u>7,639,213</u>	<u>7,651,719</u>
<b>Expenditures</b>			
Building expenses	491,602	-	491,602
Capital outlay	238,321	-	238,321
Debt service	<u>-</u>	<u>8,339,249</u>	<u>8,339,249</u>
Total expenditures	<u>729,923</u>	<u>8,339,249</u>	<u>9,069,172</u>
<b>Changes in Fund Balance</b>	(717,417)	(700,036)	(1,417,453)
<b>Fund Balance (Deficit)</b>			
Beginning of year	<u>279,175</u>	<u>80,871,417</u>	<u>81,150,592</u>
End of year	<u>\$ (438,242)</u>	<u>\$ 80,171,381</u>	<u>\$ 79,733,139</u>

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission  
Reconciliation of the Governmental Funds Statement  
of Revenues, Expenditures and Changes in Fund  
Balances to the Statement of Activities  
Year Ended June 30, 2023**

Net change in fund balances - total governmental funds \$ (1,417,453)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	238,321
Depreciation	<u>(3,622,722)</u>
	<u>(3,384,401)</u>

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Discount on debt issuance	(14,083)
Premium on debt issuance	64,916
Principal payments	<u>2,070,000</u>
	<u>2,120,833</u>

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred outflows of resources	(236,969)
Change in accrued interest payable	<u>30,509</u>
	<u>(206,460)</u>

Expenses reported in the Statement of Activities in the current period are reported as expenditures of governmental funds in future periods.

Prepaid expenses	<u>23,778</u>
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Change in net position of governmental activities \$ (2,863,703)

The accompanying notes are an integral part of these financial statements.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies**

A. Introduction

Nineteenth Judicial District Court Building Commission (the “Commission”) was created pursuant to Section 992 of Title 13 of the Louisiana Revised Statutes of 1950, as amended (the “Commission Act”). The Commission was created solely for the purpose of constructing and funding a new courthouse for use by the Nineteenth Judicial District Court (the “Court”) and such other ancillary agencies as may be necessary. The judges of the Court, *en banc*, serve as the board of commissioners (the “Commission Board”). The Commission Board elects a chairman and vice chairman, and the judicial administrator for the Court serves as secretary-treasurer of the Commission.

B. Financial Reporting Entity

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (the “City-Parish”) is the financial reporting entity for the consolidated government. The financial reporting entity consists of the primary government (City-Parish) and includes all component units of which the City-Parish appoints a voting majority of the unit’s board. The City-Parish is either able to impose its will on the unit, or a financial benefit or burden relationship exists.

The Commission has a cooperative endeavor agreement with the City-Parish, the terms of which are included in Note 5. The agreement grants certain rights to, and imposes certain obligations upon, the respective parties and because of their significance, the Commission was determined to be a component unit of the City-Parish, the financial reporting entity. The accompanying financial statements present information only on the Commission and do not present any other information on the Court, or the City-Parish, the general government services provided by that governmental unit, or on the other governmental units that comprise the financial reporting entity.

C. Basis of Presentation

The Commission complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in the subsequent sections of this note.

*Government-wide Financial Statements*

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues and fees.

*Fund Financial Statements*

The financial transactions of the Commission are reported in two individual funds that are each accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies (Continued)**

C. Basis of Presentation (Continued)

*Fund Financial Statements (Continued)*

The Commission uses the governmental fund type. The focus of the governmental funds' measurement is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The funds of the Commission are described as follows:

*Capital Project Fund* – The capital project fund accounts for the financial resources to be used for the maintenance and funding of the courthouse for the Nineteenth Judicial District Court.

*Debt Service Fund* – The debt service fund accounts for the resources accumulated and payments made for principal and interest on the Louisiana Public Facilities Authority Revenue Bond Series 2015 and Series 2021 for the Nineteenth Judicial District Court Building Project.

*Measurement Focus and Basis of Accounting*

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied:

*Measurement Focus* – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

*Basis of Accounting* – The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Commission may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**E. Restricted Cash**

Certain resources set aside for the revenue bond are classified as restricted cash on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The “courthouse construction receipts fund” was utilized for the collection of additional costs of court and service charges which were imposed to finance the construction of the courthouse. The “debt service reserve fund” is required to be maintained in an amount necessary to pay the annual principal and interest on the bonds. The “capitalized interest fund” is used to pay interest due on the bonds for approximately twelve months and is included in restricted cash and cash equivalents.

**F. Receivables**

In the government-wide financial statements, receivables consist of all revenues earned at year-end which had not been received by year-end. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. There were no accounts considered to be uncollectible at June 30, 2023, and therefore, no allowance for uncollectible accounts was recorded. Major receivable balances for governmental activities include amounts due from the Clerk of Court.

Receivables are included in the fund financial statements if they are both measurable and available. Revenues are recorded when earned only if received within 60 days since they would be considered measurable and available.

**G. Revenues**

Substantially all governmental fund revenues are accrued. Revenues include civil filing and recording fees imposed to finance the construction of the courthouse, as well as investment earnings (losses).

**H. Capital Assets**

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,000 or more are capitalized at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on capital assets is computed on the straight-line basis over the following estimated useful lives.

Buildings and improvements	30 - 34 Years
Office equipment	5 Years
Computer equipment	5 Years
Furniture and fixtures	5 Years
Kitchen equipment	5 Years

In the fund financial statements, capital assets are accounted for as capital outlay expenditures of the fund upon acquisition.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies (Continued)**

I. Long-Term Debt

In the government-wide statement of net position, long-term debt and other long-term obligations are reported as noncurrent liabilities. Bond issuance costs, excluding any prepaid bond insurance, are reported as expense in the year of the debt issuance. Bond premiums, discounts, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount, if the amounts are deemed material. Gains (losses) on refunding are reported as deferred outflows/inflows of resources.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of the debt issue is reported as "Other Financing Sources." Premiums received on debt issuances are reported as "Other Financing Sources," and discounts on debt issuances are reported as "Other Financing Uses."

Excess revenue contracts, loans, and notes are obligations of the general government, and payment of these debts is normally provided by transfers from the Capital Project Fund to the Debt Service Fund.

J. Expenditures

Expenditures are recognized when the related fund liability is incurred.

K. Interfund Transfers

Permanent allocations of resources between funds of the reporting entity are classified as interfund transfers.

L. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. Net Position in the Government-wide Financial Statements

In the government-wide Statement of Net Position, the net position amounts are classified and displayed in three components:

- *Net Investment in Capital Assets*

This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies (Continued)**

M. Net Position in the Government-wide Financial Statements (Continued)

- *Restricted Net Position*

This component consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

- *Unrestricted Net Position*

This component consists of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first to finance its activities.

N. Fund Balances

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Restricted fund balance* – amounts constricted to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation;
- *Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;
- *Assigned fund balance* – amounts intended by a government to be used for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- *Unassigned fund balance* – amounts that are available for any purpose.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment action.

O. Deferred Outflows of Resources

The statement of net position reports a separate section for deferred outflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The Commission’s deferred outflows of resources are related to prepaid bond insurance and a loss on the defeasance of bonds. The prepaid bond insurance and the loss on the defeasance of bonds will both be amortized into interest expense over their respective remaining lives.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**P. Fair Value Measurements**

The Commission follows GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. This topic establishes a hierarchal framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment.

The Commission utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Commission determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1: Quoted prices (unadjusted) in active markets accessible at the measurement date.
- Level 2: Prices based on observable inputs corroborated by market data, but no quoted active markets.
- Level 3: Prices based on unobservable inputs, including situations where there is little, if any, market activity for the assets or liabilities. The inputs used in the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investments.

**Note 2-Deposits and Investments**

**A. Deposits with Financial Institutions**

Deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2023, the Commission had cash and cash equivalents (book balances) as follows:

Interest bearing and demand deposits	\$ 2,126,677
Money market accounts	<u>13,727,573</u>
Total cash and cash equivalents (book value)	<u>\$ 15,854,250</u>

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 2-Deposits and Investments (Continued)**

A. Deposits with Financial Institutions (Continued)

These amounts are reflected in the following line descriptions on the Statement of Net Position:

Cash and cash equivalents	\$ <u>2,126,677</u>
Restricted Assets:	
Cash and cash equivalents	\$ <u>13,727,573</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39.1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of June 30, 2023, the Commission's bank balances were fully insured and collateralized with securities held in the name of the Commission by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

B. Investments

As of June 30, 2023, the Commission held investments of \$63,489,456 in U.S. Treasury Notes. The Commission's investments are generally reported at fair value, as discussed in Note 1. As of June 30, 2023, the Commission had the following restricted investments, all of which were held in the Commission's name by a custodial bank that is an agent of the Commission:

Type	Maturities in Years				
	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Notes	\$ <u>63,489,456</u>	\$ <u>6,655,654</u>	\$ <u>56,833,802</u>	\$ -	\$ -

Interest rate risk is the risk applicable to debt instruments with fair values that are sensitive to changes in interest rate. As a means of limited exposure to fair value losses from rising interest rates, the Commission limits investments to highly liquid investments or marketable U.S. Treasury obligations.

The following presents assets measured at fair value on a recurring basis as of June 30, 2023:

	Fair Value Measurements			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Notes	\$ <u>63,489,456</u>	\$ <u>63,489,456</u>	\$ -	\$ -

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 3-Receivables from Other Governments**

Intergovernmental receivables due at June 30, 2023, are as follows:

Debt Service Fund		
East Baton Rouge Clerk of Court	\$	363,560
Capital Project Fund		
East Baton Rouge Sheriff		<u>621</u>
Total intergovernmental receivables	\$	<u>364,181</u>

Intergovernmental payables due at June 30, 2023, are as follows:

Capital Project Fund		
Judicial Expense Fund	\$	<u>1,215</u>

**Note 4-Capital Assets**

Capital asset activity for the year ended June 30, 2023, is as follows:

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2023</b>
<b>Capital assets</b>				
Buildings and improvements	\$ 107,742,871	\$ -	\$ -	\$ 107,742,871
Office equipment	636,827	65,275	-	702,102
Computer equipment	3,856,615	130,741	-	3,987,356
Furniture and fixtures	952,713	42,305	-	995,018
Kitchen equipment	<u>103,531</u>	<u>-</u>	<u>-</u>	<u>103,531</u>
Total capital assets	<u>113,292,557</u>	<u>238,321</u>	<u>-</u>	<u>113,530,878</u>
<b>Less accumulated depreciation</b>				
Buildings and improvements	41,059,881	3,525,317	-	44,585,198
Office equipment	612,964	18,562	-	631,526
Computer equipment	3,568,699	77,192	-	3,645,891
Furniture and fixtures	950,495	1,651	-	952,146
Kitchen equipment	<u>103,531</u>	<u>-</u>	<u>-</u>	<u>103,531</u>
Total accumulated depreciation	<u>46,295,570</u>	<u>3,622,722</u>	<u>-</u>	<u>49,918,292</u>
<b>Capital assets, net</b>	<u>\$ 66,996,987</u>	<u>\$ (3,384,401)</u>	<u>\$ -</u>	<u>\$ 63,612,586</u>

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt**

Summary of Changes in Long-Term Debt

Following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Balance at June 30, 2022</u>	<u>Proceeds of Issuance</u>	<u>Adjustments/ Repayments/ Defeasance</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
2015 Series Bonds	\$ 88,905,000	\$ -	\$ 1,565,000	\$ 87,340,000	\$ 1,615,000
Premium: 2015 Bonds	1,893,403	-	64,916	1,828,487	64,916
2021 Series Bonds	63,630,000	-	505,000	63,125,000	510,000
Discount: 2021 Bonds	<u>(413,111)</u>	<u>-</u>	<u>(14,083)</u>	<u>(399,028)</u>	<u>(14,083)</u>
Total long-term debt	<u>\$ 154,015,292</u>	<u>\$ -</u>	<u>\$ 2,120,833</u>	<u>\$ 151,894,459</u>	<u>\$ 2,175,833</u>

Bonds Payable – Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds

Under an Indenture of Trust dated August 5, 2015, the Louisiana Public Facilities Authority (Authority) issued \$99,285,000 in bonds to finance the retirement of the Series 2007 Louisiana Public Facilities Authority Revenue Bonds. Pursuant to the Cooperative Endeavor Agreement dated December 1, 2005, and effective as of February 1, 2006, as amended by and between the Commission, the City-Parish, and the Authority, the City-Parish leased the land to the Commission. The CEA will terminate upon payment in full by the Authority of all principal of, interest on, and premium, if any, on the bonds and any costs and fees related to the bonds.

The Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds dated August 5, 2015, were issued on August 27, 2015, in the amount of \$99,285,000. The bonds are payable over 36 years and bear interest from 3.500% to 5.250% as shown in the following schedule:

<u>Bonds Maturing June 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Serial Bonds:		
2024	\$ 1,615,000	3.500%
2025	1,670,000	3.750%
2026	1,735,000	3.875%
2027	1,800,000	4.000%
2028	1,875,000	4.000%
Term Bonds:		
2030	3,975,000	4.000%
2036	14,340,000	5.000%
2042	19,215,000	5.000%
2047	20,710,000	4.500%
2051	20,405,000	5.250%

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

Under the indenture, the Commission is required to maintain certain reserves for the routine payment of interest and principal and for certain other contingencies outlined in the agreement. Additional information regarding the reserves is detailed below. The Commission is in compliance with all terms of the bond agreement including the maintenance of required reserves at June 30, 2023.

Bonds maturing June 1, 2026 and thereafter, totaling \$84,055,000, are subject to optional redemption in whole on any date or in part on any interest payment date at a redemption price equal to 100% of the par amount of bonds to be redeemed plus accrued interest thereon to the redemption date. The term bonds maturing June 30, 2030, totaling \$3,975,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2029	\$ 1,950,000
2030	2,025,000

The term bonds maturing June 1, 2036, totaling \$14,340,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2031	\$ 2,110,000
2032	2,215,000
2033	2,325,000
2034	2,440,000
2035	2,560,000
2036	2,690,000

The term bonds maturing June 1, 2042, totaling \$19,215,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2037	\$ 2,825,000
2038	2,965,000
2039	3,115,000
2040	3,270,000
2041	3,435,000
2042	3,605,000

The term bonds maturing June 1, 2047, totaling \$20,710,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2043	\$ 3,785,000
2044	3,955,000
2045	4,135,000
2046	4,320,000
2047	4,515,000

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

The term bonds maturing June 1, 2051, totaling \$20,405,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2048	\$ 4,715,000
2049	4,965,000
2050	5,225,000
2051	5,500,000

The following is a summary of long-term debt at June 30, 2023, and interest requirements to maturity:

	<b>Principal Payable</b>	<b>Interest to Maturity</b>	<b>Total</b>
Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds	\$ 87,340,000	\$ 74,742,382	\$ 162,082,382

The annual requirements to amortize outstanding debt principal and interest as of June 30, 2023 are as follows:

<b>Year Ending June 30,</b>	
2024	\$ 5,788,345
2025	5,786,820
2026	5,789,195
2027	5,786,964
2028	5,789,964
2029-2030	11,576,928
2031-2036	34,733,534
2037-2042	34,734,534
2043-2047	28,944,295
2048-2051	23,151,803
	\$ 162,082,382

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

The bond indenture requires the following funds be used to account for the receipt and disbursement of monies collected and expended:

*Debt Service Fund*

The trustee will make deposits into the applicable account of the Debt Service Fund at the times and in the amounts required by the indenture as follows:

- Amounts on deposit in the interest account of the Debt Service Fund will be used solely to pay the interest on the bonds as it becomes due and payable, whether on an interest payment date, at maturity or upon acceleration. Amounts on deposit in the capitalized interest account of the debt service fund will be used solely to pay the interest on the bonds.
- Amounts on deposit in the principal account of the Debt Service Fund will be used solely to pay the principal of the bonds as it becomes due and payable, whether at maturity or upon acceleration in respect of principal of the bonds; and, if directed by the Commission, to affect the redemption of the bonds prior to their maturity in accordance with the redemption provisions of the indenture, or with bond insurer consent, the purchase of bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any plus accrued interest on the bonds.
- Whenever and to the extent that amounts on deposit in the interest account or the principal account are insufficient to pay interest and principal, whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements, the trustee shall transfer money from the debt service reserve fund and from the project fund, if necessary, and will notify the bond insurer immediately.

*Debt Service Reserve Fund*

Amounts on deposit in the debt service reserve fund will be maintained in a sum equal to the debt service reserve fund requirement, at least one half of which will be in cash or cash equivalents, and will be transferred to the interest account or the principal account of the debt service fund in such amount as is necessary to remedy any deficiency with respect to the bonds. Earnings on the cash or cash equivalents in the debt service reserve fund will be transferred to the fiscal agent in accordance with the provision of the indenture for deposit in the insurance account of the courthouse construction receipts fund. Whenever the amount in the debt service reserve fund, together with the amount in the debt service fund, is sufficient to pay in full all outstanding bonds in accordance with their terms, the funds on deposit in the debt service reserve fund shall be transferred to the debt service fund and will be available to pay all outstanding bonds in accordance with their terms. When the balance of the debt service reserve fund is greater than the debt service reserve fund requirement, all amounts in excess of the debt service reserve fund requirement will be transferred to the debt service fund and will be available to pay all outstanding bonds in accordance with their terms.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

*Revenue Fund*

Pursuant to the fiscal agency agreement, the fiscal agent of the Commission will maintain the courthouse construction receipts fund, to receive revenue for payment of rent. The Clerk of Court will receive the revenues daily and segregate such amounts in a special fund for such purpose. At least as often as every two weeks, the Clerk will transfer the revenue to the fiscal agent for immediate deposit into the courthouse revenue fund. As directed by the indenture, all revenues in the Revenue Fund in excess of that required to fully fund the payment of rent, replenish the Debt Service Reserve Fund, pay when due administrative expenses and other amounts due under the agreement, will be transferred to the fiscal agent for deposit into the insurance account. Amounts in excess of those budgeted to pay amounts due to the City-Parish pursuant to the property insurance agreement may be used by the Commission for any lawful purpose except for the operation and maintenance of the courthouse, which is the obligation of the City-Parish.

Bonds Payable – Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds

Under an Indenture of Trust dated November 1, 2021, the Louisiana Public Facilities Authority (Authority) issued \$65,000,000 in bonds to refinance a portion of the Series 2015 Louisiana Public Facilities Authority Revenue Bonds along with issuance and insurance costs of the Series 2021 Bonds.

The Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds were dated and issued November 4, 2021, in the amount of \$65,000,000. The bonds are payable over 30 years and bear interest from 1.18% to 3.55% as shown in the following schedule:

<b>Bonds</b>	<b>Principal</b>	<b>Interest</b>
<b>Maturing</b>	<b>Amount</b>	<b>Rate</b>
<b>June 1,</b>	<b>Amount</b>	<b>Rate</b>
Serial Bonds:		
2024	\$ 510,000	1.180%
2025	515,000	1.540%
2026	525,000	1.820%
2027	535,000	2.030%
2028	545,000	2.230%
2029	555,000	2.410%
2030	570,000	2.530%
2031	2,695,000	2.630%
2032	2,765,000	2.780%
2033	2,840,000	2.880%
2034	2,920,000	2.980%
2035	3,005,000	3.080%
2036	3,100,000	3.180%
Term Bonds:		
2042	20,900,000	3.370%
2051	21,145,000	3.550%

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

Under the indenture, the Commission is required to maintain certain reserves for the routine payment of interest and principal and for certain other contingencies outlined in the agreement. Additional information regarding the reserves is detailed below. The Commission is in compliance with all terms of the bond agreement including the maintenance of required reserves at June 30, 2023.

Serial bonds maturing June 1, 2032, and thereafter totaling \$42,045,000 are subject to optional redemption in whole or in part on any interest payment date at a redemption price equal to 100% of the par amount of bonds to be redeemed plus accrued interest thereon to the redemption date.

The term bonds maturing June 1, 2042, totaling \$20,900,000 are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2037	\$ 3,200,000
2038	3,310,000
2039	3,420,000
2040	3,535,000
2041	3,655,000
2042	3,780,000

The term bonds maturing June 1, 2051, totaling \$21,145,000 are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

2043	\$ 120,000
2044	125,000
2045	130,000
2046	135,000
2047	140,000
2048	4,860,000
2049	5,030,000
2050	5,210,000
2051	5,395,000

The following is a summary of long-term debt at June 30, 2023, and interest requirements to maturity:

	<b>Principal Payable</b>	<b>Interest to Maturity</b>	<b>Total</b>
Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds	\$ 63,125,000	\$ 37,273,537	\$ 100,398,537

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

The annual requirements to amortize outstanding debt principal and interest as of June 30, 2023 are as follows:

<b>Year Ending June 30,</b>		
2024	\$	2,546,980
2025		2,545,962
2026		2,548,031
2027		2,548,476
2028		2,547,615
2029		2,545,462
2030		2,547,086
2031		4,657,665
2032		4,656,786
2033		4,654,919
2034		4,653,127
2035		4,651,111
2036		4,653,557
2037-2042		27,937,282
2043-2051		26,704,478
		<u>\$ 100,398,537</u>

The bond indenture requires the following funds be used to account for the receipt and disbursement of monies collected and expended:

*Bond Proceeds Fund*

The Bond Proceeds Fund will receive the immediate transfer of funds from the Debt Service Reserve Fund established by the Series 2021 Bonds. The trustee, on the closing date, shall disburse the amounts held in this fund as follows:

- Retain such sum for the costs of issuance;
- Amounts specified for the Debt Service Reserve Funds for both Series 2015 and Series 2021 Bonds; and
- Amounts specified for delivery to the Escrow Fund.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5-Long-Term Debt (Continued)**

Bonds Payable – Series 2021 Louisiana Public Facilities Authority Revenue Refunding Bonds (Continued)

*Debt Service Fund*

The trustee will make deposits into the applicable account of the Debt Service Fund at the times and in the amounts required by the indenture as follows:

- Amounts on deposit in the interest account of the Debt Service Fund will be used solely to pay the interest on the bonds as it becomes due and payable, whether on an interest payment date, at maturity or upon acceleration. Amounts on deposit in the capitalized interest account of the debt service fund will be used solely to pay the interest on the bonds.
- Amounts on deposit in the principal account of the Debt Service Fund will be used solely to pay the principal of the bonds as it becomes due and payable, whether at maturity or upon acceleration in respect of principal of the bonds; and, if directed by the Commission, to affect the redemption of the bonds prior to their maturity in accordance with the redemption provisions of the indenture, or with bond insurer consent, the purchase of bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any plus accrued interest on the bonds.
- Whenever and to the extent that amounts on deposit in the interest account or the principal account are insufficient to pay interest and principal, whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements, the trustee shall transfer money from the debt service reserve fund and from the project fund, if necessary, and will notify the bond insurer immediately.

*Debt Service Reserve Fund*

Amounts on deposit in the debt service reserve fund will be maintained in a sum equal to the debt service reserve fund requirement, at least one half of which will be in cash or cash equivalents, and will be transferred to the interest account or the principal account of the debt service fund in such amount as is necessary to remedy any deficiency with respect to the bonds. Earnings on the cash or cash equivalents in the debt service reserve fund will be transferred to the fiscal agent in accordance with the provision of the indenture for deposit in the insurance account of the courthouse construction receipts fund. Whenever the amount in the debt service reserve fund, together with the amount in the debt service fund, is sufficient to pay in full all outstanding bonds in accordance with their terms, the funds on deposit in the debt service reserve fund shall be transferred to the debt service fund and will be available to pay all outstanding bonds in accordance with their terms. When the balance of the debt service reserve fund is greater than the debt service reserve fund requirement, all amounts in excess of the debt service reserve fund requirement will be transferred to the debt service fund and will be available to pay all outstanding bonds in accordance with their terms.

**Note 6-Concentrations of Credit Risk**

Intergovernmental receivables represent amounts due from other East Baton Rouge Parish governmental agencies. Such receivables are not collateralized. Payment of these amounts is partly dependent upon the economic and financial conditions within East Baton Rouge Parish.

**Nineteenth Judicial District Court Building Commission**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 7-Subsequent Events**

Subsequent events were evaluated through December 22, 2023, which is the date the financial statements were available to be issued. As a result, the Commission noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

## **Supplementary Information**

**Nineteenth Judicial District Court Building Commission  
 Schedule of Compensation, Benefits and Other  
 Payments to Agency Head or Chief Executive Officer  
 Year Ended June 30, 2023**

**Agency Head Name: Honorable Judge Eboni Johnson Rose, Building Commission Chair**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

No Commission funds were paid to the Building Commission Chair during the year ended June 30, 2023.

**Nineteenth Judicial District Court Building Commission  
Justice System Funding Schedule – Receiving Entity – Cash Basis  
As Required by Act 87 of the 2020 Regular Legislative Session  
Cash Basis Presentation  
Six Month Periods Ended December 31, 2022 and June 30, 2023**

	<b>Six Month Period Ended <u>December 31, 2022</u></b>	<b>Six Month Period Ended <u>June 30, 2023</u></b>
<b>Receipts From:</b>		
East Baton Rouge Parish Clerk of Court, Civil Fees	\$ 2,764,074	\$ 2,864,512
East Baton Rouge Parish Clerk of Court, Recording Fees	954,840	727,830
East Baton Rouge Parish Sheriff's Office, Court Costs/Fees	<u>4,796</u>	<u>4,657</u>
Total receipts	<u>\$ 3,723,710</u>	<u>\$ 3,596,999</u>
<b>Ending Balance of Amounts Assessed but Not Received</b>	<u>\$ -</u>	<u>\$ -</u>



**Independent Auditor’s 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***

Ms. Diana B. Gibbens, Judicial Administrator,  
and the Honorable Judges of  
Nineteenth Judicial District Court Building Commission  
Baton Rouge, Louisiana

We 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 governmental activities and each major fund of Nineteenth Judicial District Court Building Commission (a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Nineteenth Judicial District Court Building Commission’s basic financial statements, and have issued our report thereon dated December 22, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Nineteenth Judicial District Court Building Commission’s internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Nineteenth Judicial District Court Building Commission’s internal control. Accordingly, we do not express an opinion on the effectiveness of Nineteenth Judicial District Court Building Commission’s internal control.

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 a 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nineteenth Judicial District Court Building Commission's financial statements are free from 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hawthorn, Waymouth & Carroll, LLP*

December 22, 2023

**Nineteenth Judicial District Court Building Commission**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2023**

**Part I - Summary of Audit Results**

- 1) An unmodified opinion has been expressed on the financial statements of Nineteenth Judicial District Court Building Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be material weaknesses were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* were identified.
- 4) A single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* was not required.
- 5) A management letter was not issued.

**Nineteenth Judicial District Court Building Commission**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2023**

**Part I – Financial Statement Findings**

*2022-001: Filing of Report with Louisiana Legislative Auditor*

Summary of Prior Year Finding:

The Commission received a 90-day non-emergency extension to submit its report to the Louisiana Legislative Auditor, which still requires a late submission finding.

Status:

This finding has been resolved.

**Part II – Management Letter**

A management letter was not issued for the year ended June 30, 2022.

**Nineteenth Judicial District Court Building Commission  
Statewide Agreed-Upon Procedures Report  
June 30, 2023**



**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

To the Board of Directors of Nineteenth Judicial District Court Building Commission and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Nineteenth Judicial District Court Building Commission's management is responsible for those C/C areas identified in the SAUPs.

Nineteenth Judicial District Court Building Commission has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**1) *Written Policies and Procedures***

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A. Obtained and inspected the entity's written policies and procedures and observed whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions were found as a result of this procedure.*

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

*No exceptions were found as a result of this procedure.*

iii. ***Disbursements***, including processing, reviewing, and approving.

*No exceptions were found as a result of this procedure.*

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

*The entity's written policies and procedures on receipts/collections do not include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.*

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- The entity does not have any employees; therefore, this procedure is not applicable.*
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- No exceptions were found as a result of this procedure.*
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- No exceptions were found as a result of this procedure.*
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- The entity does not have any credit cards, debit cards, fuel cards, or purchase cards; therefore, this procedure is not applicable.*
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- The entity does not have any employees; therefore, this procedure is not applicable.*
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- No exceptions were found as a result of this procedure.*
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- The entity's written policies and procedures on information technology disaster recovery/business continuity do not specifically address criterion (4) use of antivirus software on all systems.*
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- No exceptions were found as a result of this procedure.*

## 2) *Board or Finance Committee*

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- A. Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were found as a result of this procedure.*

- ii. For those entities reporting on the governmental accounting model, observed whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

*The entity does not have a general fund, proprietary fund, or special revenue fund; therefore, this procedure is not applicable.*

- iii. For governmental entities, obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

*The entity does not have a general fund; therefore, this procedure is not applicable.*

- iv. Observed whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*The prior year audit finding was related to the timing of the audit report submission. The entity requested and received a 90-day extension to submit their audit report to the LLA. The report was submitted within those 90 days; therefore, written updates of the progress of resolving audit findings is not applicable.*

## 3) *Bank Reconciliations*

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- A. Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for each selected account, and observed that:
- i. Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

*For all bank accounts selected, we found no evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.*

- ii. Bank reconciliations included written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

*For all bank accounts selected, we found no evidence that a member of management or board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.*

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

*For all bank accounts selected, we found no reconciling items outstanding for more than twelve months from the statement closing date; therefore, this procedure is not applicable.*

#### **4) Collections (excluding electronic funds transfers)**

---

- A. Obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly selected 5 deposit sites (or all deposit sites if less than 5).

*No exceptions were found as a result of this procedure.*

- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that;

- i. Employees responsible for cash collections do not share cash drawers/registers;

*No exceptions were found as a result of this procedure.*

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

*No exceptions were found as a result of this procedure.*

- iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

*No exceptions were found as a result of this procedure.*

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

*No exceptions were found as a result of this procedure.*

- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed that the bond or insurance policy for theft was in force during the fiscal period.

*No exceptions were found as a result of this procedure.*

- D. Randomly selected two deposit dates for each of the bank accounts selected for Bank Reconciliations procedure #3A. Obtained supporting documentation for each of the deposits and:

*All deposits for the entire year were electronic transfers; therefore, the following procedures are not applicable.*

- i. Observed that receipts are sequentially pre-numbered.
- ii. Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Traced the deposit slip total to the actual deposit per the bank statement.
- iv. Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Traced the actual deposit per the bank statement to the general ledger.

**5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)**

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

*No exceptions were found as a result of this procedure.*

- B. For each location selected under procedure #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that;

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

*No exceptions were found as a result of this procedure.*

- ii. At least two employees are involved in processing and approving payments to vendors;

*No exceptions were found as a result of this procedure.*

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

*No exceptions were found as a result of this procedure.*

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

*No exceptions were found as a result of this procedure.*

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*The entity does not release funds through electronic means; therefore, this procedure is not applicable.*

- C. For each location selected under procedure #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction, and

- i. Observed whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

*No exceptions were found as a result of this procedure.*

- ii. Observed whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

*For three of the five disbursements selected, we found no documentation that included evidence of segregation of duties.*

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

*All disbursements for the entire year were paid by check; therefore, these procedures are not applicable.*

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

*The entity does not have any credit cards, debit cards, fuel cards, or purchase cards; therefore, these procedures are not applicable.*

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card. Obtained supporting documentation, and
  - i. Observed whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder; and
  - ii. Observed that finance charges and late fees were not assessed on the selected statements.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

---

*The entity did not have any travel or travel-related reimbursements during the fiscal period; therefore, these procedures are not applicable.*

- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly selected 5 reimbursements and obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
  - i. If reimbursed using a per diem, observed that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**8) Contracts**

---

- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observed whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

*No exceptions were found as a result of this procedure.*

- ii. Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

*For three of the five contracts selected, we found no evidence that the contract was approved by the governing board, as required by policy.*

- iii. If the contract was amended (e.g., change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

*No exceptions were found as a result of this procedure.*

- iv. Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were found as a result of this procedure.*

## **9) Payroll and Personnel**

---

*The entity does not have any employees; therefore, these procedures are not applicable.*

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtained attendance records and leave documentation for the pay period, and
  - i. Observed that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observed whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observed the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtained a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly selected two employees or officials and obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave records, agreed the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.
- D. Obtained management's representation that employer and employee portions of third-party payroll related amounts have been paid, and any associated forms have been filed, by required deadlines.

## **10) Ethics**

---

*The entity does not have any employees; therefore, these procedures are not applicable.*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained ethics documentation from management, and
  - i. Observed whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- ii. Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***11) Debt Service***

---

- A. Obtained a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

*The entity did not issue any bonds/notes or other debt instruments during the fiscal period; therefore, this procedure is not applicable.*

- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*No exceptions were found as a result of this procedure.*

### ***12) Fraud Notice***

---

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

*There were no misappropriations of public funds or assets identified during the fiscal period; therefore, this procedure is not applicable.*

- B. Observed that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

*No exceptions were found as a result of this procedure.*

### ***13) Information Technology Disaster Recovery/Business Continuity***

---

- A. Performed the following procedures:

- i. Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observed evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

*We performed the procedure and discussed the results with management.*

- ii. Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

*We performed the procedure and discussed the results with management.*

- iii. Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

*We performed the procedure and discussed the results with management.*

- B. Randomly selected 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observed evidence that the selected terminated employees have been removed or disabled from the network.

*The entity does not have any employees; therefore, this procedure is not applicable.*

#### ***14) Prevention of Sexual Harassment***

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*The entity does not have any employees; therefore, these procedures are not applicable.*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed it includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;
  - ii. Number of sexual harassment complaints received by the agency;
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - v. Amount of time it took to resolve each complaint.

We were engaged by Nineteenth Judicial District Court Building Commission to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Nineteenth Judicial District Court Building Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

*Hawthorn, Waymouth & Carroll, LLP*

January 2, 2024



## NINETEENTH JUDICIAL DISTRICT

January 3, 2024

EAST BATON ROUGE PARISH  
BATON ROUGE, LOUISIANA

Hawthorn Waymouth & Carroll, LLP  
8545 United Plaza Blvd., Suite 200  
Baton Rouge, LA 70809

TO WHOM IT MAY CONCERN:

Please find below responses to the exceptions noted in the year ended 6/30/23 SAUPs 19<sup>th</sup> JDC Building Commission.

**1A:** Determining the completeness of all receipts/collections: Because of intergovernmental practices, the 19<sup>th</sup> JDC is unable to review the proper source documents enabling verifications for all receipts/collections. However, a monthly report from the Clerk of Court as well as a weekly report from the EBRP Sheriff's Office is provided and verified to insure all deposits received balance.

**1B:** Information Technology Disaster Recovery/Business Continuity: Our IT Department is currently contracted out to General Informatics. All computer systems contain the antivirus software **Webroot Endpoint Protection v9.0.33.39**. We are also requiring that General Informatics provide a timeframe for periodic testing/verification for backup restoration; and timely applications of software updates on the revised policy.

**2:** Bank Reconciliations: Monthly reconciliations will be reviewed, signed and dated by either the Judicial Administrator or Building Commission Chairperson.

**3:** Disbursements: Policy requires a purchase order/contract for transactions exceeding \$1,000, excluding recurring transactions. Due to the size of the office/staff, purchase orders/contracts for every transaction are not efficient or practical. All purchase orders/contracts are approved by the Judicial Administrator, Finance Director and Building Commission Chair Judge.

**4:** Contracts: Policy requires a purchase order/contract for transactions exceeding \$1,000, excluding recurring transactions. Due to the size of the office/staff, purchase orders/contracts for every transaction are not efficient or practical. All purchase orders/contracts are approved by the Judicial Administrator, Finance Director and Building Commission Chair Judge.

Please let me know if you have any questions or additional comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kim Ford".

Kim M. Ford,  
19<sup>th</sup> JDC Building Commission  
Finance Director