

**Nineteenth Judicial District Court
Building Commission
Baton Rouge, Louisiana
Financial Report
June 30, 2019**

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Independent Auditor's Report

Ms. Ann McCrory, Judicial Administrator,
and the Honorable Judges of
Nineteenth Judicial District Court Building Commission
Baton Rouge, Louisiana

Report on the Financial Statements

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, 2019, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2019, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Nineteenth Judicial District Building Commission's basic financial statements. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2019, 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 23, 2019

**Nineteenth Judicial District Court Building Commission
Management's Discussion and Analysis
June 30, 2019**

Management's discussion and analysis of Nineteenth Judicial District Court Building Commission ("Commission") provides an overview of the Commission's activities for the years ended June 30, 2019 and 2018. Please read it in conjunction with the Commission's financial statements that begin on page 10.

Financial Highlights

Filing and recording fee revenue totaled approximately \$7.4 and \$7.2 million for the years ended June 30, 2019 and 2018, respectively.

For 2019 and 2018, bond holder interest and principal payments were approximately \$5.8 million.

The Commission reported net position of \$5.9 million and \$6.4 million on June 30, 2019 and 2018, respectively. The decline in net position is primarily attributable to depreciation expense.

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 – 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 – 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

Our analysis of the Commission as a whole begins on page 10. 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, 2019**

Government-Wide Financial Analysis

The following table reflects the condensed statement of net position for 2019, with comparative figures from 2018:

**Condensed Statements of Net Position
June 30, 2019 and 2018**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Assets	\$ 97,219,032	\$ 98,860,970
Deferred Outflows of Resources	<u>4,428,492</u>	<u>4,630,552</u>
Liabilities	<u>95,720,898</u>	<u>97,086,230</u>
Net Position		
Net investment in capital assets	(15,950,142)	(13,768,578)
Restricted	18,270,022	16,260,997
Unrestricted	<u>3,606,746</u>	<u>3,912,873</u>
Total net position	<u>\$ 5,926,626</u>	<u>\$ 6,405,292</u>

The following table reflects the condensed statement of activities for 2019, with comparative figures from 2018:

**Condensed Statements of Activities
Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Revenue		
Charges for services	\$ 7,391,379	\$ 7,163,282
Operating grants and contributions	30,553	-
General revenue	<u>523,797</u>	<u>240,080</u>
Total revenue	<u>7,945,729</u>	<u>7,403,362</u>
Expenses		
Judicial court operations	3,810,789	3,780,464
Interest and fiscal charges on long-term debt	<u>4,613,606</u>	<u>4,679,010</u>
Total expenses	<u>8,424,395</u>	<u>8,459,474</u>
Change in net position	(478,666)	(1,056,112)
Net Position		
Beginning of year	<u>6,405,292</u>	<u>7,461,404</u>
End of year	<u>\$ 5,926,626</u>	<u>\$ 6,405,292</u>

**Nineteenth Judicial District Court Building Commission
Management's Discussion and Analysis
June 30, 2019**

Financial Analysis of Governmental Funds

The combined ending fund balance for all governmental funds at June 30, 2019 was \$19,853,569 compared to \$18,021,688 in the prior year. The combined ending fund balance at June 30, 2019 was a net increase of \$1,831,881 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2019, the Commission had approximately \$77.3 million invested in capital assets, including the courthouse building, computer equipment, and office equipment. The following table presents capital assets, net of accumulated depreciation, at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Building and improvements	\$ 77,141,141	\$ 80,658,818
Office equipment	92,692	86,577
Computer equipment and software	<u>51,025</u>	<u>31,028</u>
Total capital assets, net	<u>\$ 77,284,858</u>	<u>\$ 80,776,423</u>

Debt Administration

The Commission had \$93,235,000 in outstanding bond principal due to its debt holders of the Series 2015 Revenue Bonds as of June 30, 2019.

Economic Factors and Next Year's Budgets and Rates

The Commission anticipates a stabilized revenue collection of approximately \$7.4 million for the year ending June 30, 2020.

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, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,803,605
Receivable from other governments	385,186
Accrued interest receivable	11,621
Prepaid expenses	56,330
Restricted assets	
Cash and cash equivalents	17,677,432
Capital assets, net of accumulated depreciation	77,284,858
Total assets	97,219,032
Deferred Outflows of Resources	
Debt refunding	4,428,492
Liabilities	
Accounts payable	22,892
Due to Judicial Expense Fund	1,383
Interest payable to bondholders	373,470
Noncurrent liabilities	
Due within one year	1,439,917
Due in more than one year	93,883,236
Total liabilities	95,720,898
Net Position	
Net investment in capital assets	(15,950,142)
Restricted for:	
Debt service	18,270,022
Unrestricted	3,606,746
Total net position	\$ 5,926,626

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

Nineteenth Judicial District Court Building Commission
Statement of Activities
Year Ended June 30, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions and Programs				
Judicial court operations	\$ 3,810,789	\$ 7,391,379	\$ 30,553	\$ 3,611,143
Interest and fiscal charges on long-term debt	<u>4,613,606</u>	<u>-</u>	<u>-</u>	<u>(4,613,606)</u>
Total	<u>\$ 8,424,395</u>	<u>\$ 7,391,379</u>	<u>\$ 30,553</u>	<u>(1,002,463)</u>
General Revenues				
Investment earnings				411,161
Rent				8,400
Court fees				<u>104,236</u>
Total general revenues				<u>523,797</u>
Change in net position				(478,666)
Net Position				
Beginning of year				<u>6,405,292</u>
End of year				<u>\$ 5,926,626</u>

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

Nineteenth Judicial District Court Building Commission
Balance Sheet
Governmental Funds
June 30, 2019

	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,803,605	\$ -	\$ 1,803,605
Receivable from other governments	-	385,186	385,186
Accrued interest receivable	-	11,621	11,621
Due from other funds	-	195,783	195,783
Restricted assets	-	17,677,432	17,677,432
Total assets	\$ 1,803,605	\$ 18,270,022	\$ 20,073,627
Liabilities			
Accounts payable	\$ 22,892	\$ -	\$ 22,892
Due to Judicial Expense Fund	1,383	-	1,383
Due to other funds	195,783	-	195,783
Total liabilities	220,058	-	220,058
Fund Balances			
Restricted fund balance	-	18,270,022	18,270,022
Unassigned fund balance	1,583,547	-	1,583,547
Total fund balances	1,583,547	18,270,022	19,853,569
Total liabilities and fund balances	\$ 1,803,605	\$ 18,270,022	\$ 20,073,627

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, 2019**

Total governmental fund balance	\$	19,853,569
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		112,836,033
Less: accumulated depreciation		(35,551,175)
		77,284,858
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		
Prepaid expenses		56,330
The deferred outflows of resources for expenditures related to the refinancing of bonds are not a use of current resources and, therefore, are not reported in the fund financial statements.		
		4,428,492
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		(373,470)
Bonds payable		(93,235,000)
Net deferred amount of premium		(2,088,153)
		(95,696,623)
Net position of governmental activities	\$	5,926,626

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, 2019

	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Charges for services			
Civil court filing fees	\$ -	\$ 5,658,449	\$ 5,658,449
Recording fees	-	1,732,930	1,732,930
Rental income	8,400	-	8,400
Court fees	104,236	-	104,236
Grant income	30,553	-	30,553
Investment earnings	1,865	409,296	411,161
	<hr/>	<hr/>	<hr/>
Total revenues	145,054	7,800,675	7,945,729
	<hr/>	<hr/>	<hr/>
Expenditures			
Building expenses	251,585	-	251,585
Capital outlay	70,613	-	70,613
Debt service	-	5,791,650	5,791,650
	<hr/>	<hr/>	<hr/>
Total expenditures	322,198	5,791,650	6,113,848
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(177,144)	2,009,025	1,831,881
	<hr/>	<hr/>	<hr/>
Fund Balances			
Beginning of year	1,760,691	16,260,997	18,021,688
	<hr/>	<hr/>	<hr/>
End of year	\$ 1,583,547	\$ 18,270,022	\$ 19,853,569
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2019**

Net change in fund balance - total governmental funds \$ 1,831,881

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 their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets	70,613
Depreciation	(3,562,177)
	(3,491,564)

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.

Premium on debt issuance	64,915
Principal payments	1,310,000
	1,374,915

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	(202,059)
Change in accrued interest payable	5,189
	(196,870)

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

Prepaid expenses	2,972
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Change in net position of governmental activities \$ (478,666)

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies

A. Nature of Operations

Nineteenth Judicial District Court Building Commission (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.

B. Financial Reporting Entity

The Commission was created pursuant to Section 992 of Title 13 of the Louisiana Revised Statutes of 1950, as amended (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 (Court) and such other ancillary agencies as may be necessary. The judges of the Court, en banc, serve as the board of commissioners (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.

As the governing authority of the consolidated government, the City of Baton Rouge, Parish of East Baton Rouge (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 entered into a cooperative endeavor agreement with the City-Parish, the terms of which are more fully described 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

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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

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.

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 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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

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, 2019 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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies (Continued)

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.

H. Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,000 or more are reported 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.

I. Expenditures

Expenditures are recognized when the related fund liability is incurred.

J. Interfund Transfers

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

K. 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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies (Continued)

L. 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:

1. 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.

2. 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.

3. 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.

M. 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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 1-Summary of Significant Accounting Policies (Continued)

M. Fund Balances (Continued)

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.

N. 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 a loss on the defeasance of bonds that will be amortized into interest expense over the remaining life of the defeased bonds.

Note 2-Cash and Cash Equivalents

At June 30, 2019, the Commission had cash and cash equivalents (book balances) as follows:

Interest bearing and demand deposits	\$ 1,803,605
Money market accounts	<u>17,677,432</u>
	<u>\$ 19,481,037</u>

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

Cash and cash equivalents	<u>\$ 1,803,605</u>
Restricted assets, cash and cash equivalents	<u>\$ 17,677,432</u>

These 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. 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, 2019, 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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 3-Receivables from Other Governments

Intergovernmental receivables due at June 30, 2019, are as follows:

Debt Service Fund	
East Baton Rouge Clerk of Court	<u>\$ 385,186</u>

Intergovernmental payables due at June 30, 2019, are as follows:

Capital Project Fund	
Judicial Expense Fund	<u>\$ 1,383</u>

Note 4-Capital Assets

Capital asset activity for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Capital assets				
Buildings and improvements	\$ 107,628,256	\$ -	\$ -	\$ 107,628,256
Office equipment	597,394	30,882	-	628,276
Computer equipment	3,511,630	39,731	(24,259)	3,527,102
Furniture and fixtures	948,868	-	-	948,868
Kitchen equipment	<u>103,531</u>	<u>-</u>	<u>-</u>	<u>103,531</u>
Total at historical cost	<u>112,789,679</u>	<u>70,613</u>	<u>(24,259)</u>	<u>112,836,033</u>
Less accumulated depreciation				
Buildings and improvements	26,969,439	3,517,676	-	30,487,115
Office equipment	510,817	24,767	-	535,584
Computer equipment	3,480,602	19,734	(24,259)	3,476,077
Furniture and fixtures	948,868	-	-	948,868
Kitchen equipment	<u>103,531</u>	<u>-</u>	<u>-</u>	<u>103,531</u>
Total accumulated depreciation	<u>32,013,257</u>	<u>3,562,177</u>	<u>(24,259)</u>	<u>35,551,175</u>
Capital assets, net	<u>\$ 80,776,422</u>	<u>\$ (3,491,564)</u>	<u>\$ -</u>	<u>\$ 77,284,858</u>

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

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, 2019:

	<u>Balance June 30, 2018</u>	<u>Proceeds of Issuance</u>	<u>Adjustments/ Repayments/ Defeasance</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
2015 Series Bonds	\$ 94,545,000	\$ -	\$ (1,310,000)	\$ 93,235,000	\$ 1,375,000
Premium: 2015 Bonds	<u>2,153,070</u>	<u>-</u>	<u>(64,917)</u>	<u>2,088,153</u>	<u>64,917</u>
Total long-term debt	<u>\$ 96,698,070</u>	<u>\$ -</u>	<u>\$ (1,374,917)</u>	<u>\$ 95,323,153</u>	<u>\$ 1,439,917</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.

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 3.25% to 5.25% as shown in the following schedule.

<u>Bonds Maturing June 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
Serial Bonds:		
2020	\$ 1,375,000	5.000%
2021	1,440,000	5.000%
2022	1,515,000	3.250%
2023	1,565,000	3.375%
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, 2019

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, 2019.

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 1, 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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 5-Long-Term Debt (Continued)

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

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

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, 2019, and interest requirements to maturity:

	<u>Principal Payable</u>	<u>Interest to Maturity</u>	<u>Total</u>
Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds	<u>\$ 93,235,000</u>	<u>\$ 92,007,502</u>	<u>\$ 185,242,502</u>

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Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 5—Long-Term Debt (Continued)

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

The annual requirements to amortize outstanding debt principal and interest as of June 30, 2019 are as follows:

Year Ending June 30,	
2020	\$ 5,791,152
2021	5,787,402
2022	5,790,402
2023	5,791,164
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	34,734,534
2037-2042	34,733,534
2043-2047	28,944,295
2048-2051	<u>23,151,803</u>
	<u>\$ 185,242,502</u>

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:

- a. 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.
- b. 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 effect the redemption of the bonds prior to their maturity in accordance with the redemption

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

Note 5—Long-Term Debt (Continued)

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

Debt Service Fund (Continued)

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.

- c. 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.

Revenue Fund

Pursuant to the fiscal agency agreement, the fiscal agent of the Commission will maintain the courthouse construction receipts fund, to receive revenues 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 revenues 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 fund fully 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.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2019

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.

Note 7-Subsequent Events

Subsequent events were evaluated through December 23, 2019, which is the date the financial statements were available to be issued.

On July 26, 2019, the Commission entered into an agreement to lease its restaurant space located in the courthouse to a food service provider for an initial term of three years at a rate of \$1,050 per month.

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, 2019**

Agency Head Name: Honorable Bonnie Jackson, 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	-



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Brittany B. Thames, CPA
Kevin M. Rodriguez, CPA
Blaine M. Crochet, CPA

**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. Ann McCrory, 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, 2019, 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 23, 2019.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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, L.L.P.

December 23, 2019

Nineteenth Judicial District Court Building Commission
Schedule of Findings and Responses
Year Ended June 30, 2019

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, 2019, 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.

Part II - Financial Statement Findings

No findings were noted.

**Nineteenth Judicial District Court Building Commission
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2019**

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2018.

**Nineteenth Judicial District Court
Building Commission
Statewide Agreed-Upon
Procedures Report
June 30, 2019**



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

To the Honorable Judges of Nineteenth Judicial District Court Building Commission and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Nineteenth Judicial District Court Building Commission (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the results thereof are set forth below. The procedures are stated first, followed by the results of the procedures presented in italics.

Written Policies and Procedures

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

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

No exceptions were found as a result of this procedure.

b) ***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.

The Entity's written policies and procedures on purchasing do not specifically address criterion (2) how vendors are added to the vendor list.

c) ***Disbursements***, including processing, reviewing, and approving.

No exceptions were found as a result of this procedure.

d) ***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.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Management asserted that the Entity had no employees during the year ended June 30, 2019; therefore, these policies and procedures are not applicable.

- f) **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.

- g) **Credit Cards (and debit cards, fuel cards, P-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.

Management asserted that the Entity had no credit cards, debit cards, fuel cards, or P-cards during the year ended June 30, 2019; therefore, these policies and procedures are not applicable.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Management asserted that the Entity had no travel reimbursements during the year ended June 30, 2019; therefore, these policies and procedures are not applicable.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions were found as a result of this procedure.

- j) **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.

- k) **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 disaster recovery/business continuity do not specifically address the following criteria: (3) periodic testing/verification that backups can be

restored, (4) use of antivirus software on all systems, and (5) timely application of all available system and software patches/updates.

Board or Finance Committee

2. 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:
 - a) 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.

The Board met twice during the year. The frequency with which meetings are held is not dictated by enabling legislation, charter, or other equivalent document.

- b) For those entities reporting on the governmental accounting model, observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

No exceptions were found as a result of this procedure.

- c) 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.

No exceptions were found as a result of this procedure.

Bank Reconciliations

3. Obtained a listing of client 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. Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for the selected account, and observed that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions were found as a result of this procedure.

- b) Bank reconciliations include 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);

No exceptions were found as a result of this procedure.

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

No exceptions were found as a result of this procedure.

Non-Payroll Disbursements – (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 4. Obtained a listing of locations that processed payments for the fiscal period and management's representation that the listing is complete. Selected the Entity's only location that processes payments.

No exceptions were found as a result of this procedure.

- 5. For each location selected under # 4 above, obtained a listing of those individuals involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to individual job duties and observed that job duties are properly segregated such that:

- a) At least two individuals are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The Entity's written policies and procedures require the involvement of at least two individuals in the initiation of a purchase request, approval of a purchase, and placing an order/making a purchase for all information technology purchases and for any nonrecurring purchases exceeding \$1,000. We noted no requirement for there to be at least two individuals involved in the initiation of a purchase request, approval of a purchase, and placing an order/making a purchase for other purchases.

- b) At least two individuals are involved in processing and approving payments to vendors.

No exceptions were found as a result of this procedure.

- c) The individual responsible for processing payments is prohibited from adding/modifying vendor files, unless another individual is responsible for periodically reviewing changes to vendor files.

No exceptions were found as a result of this procedure.

- d) Either the individual/official responsible for signing checks mails the payments or gives the signed checks to an individual to mail who is not responsible for processing payments.

No exceptions were found as a result of this procedure.

- 6. For each location selected under # 4 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 the selected location, obtained supporting documentation for each transaction and:

- a) Observed that the disbursement matched the related original invoice/billing statement.

No exceptions were found as a result of this procedure.

- b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under # 5, as applicable.

One disbursement lacked evidence that at least two individuals were involved in initiating the purchase request, approving the purchase, and placing the order/making the purchase.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance 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.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance 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, L.L.P.

December 23, 2019



NINETEENTH JUDICIAL DISTRICT

EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA

December 23, 2019

Blaine,

My response to the 6/30/19 AUPs for the Building Commission are as follows:

1.b) The accounting compilation is contracted out to a third party, TWRA, who records and maintains the vendor list in their accounting system. All purchases and vendors initiated by the Finance Director are approved by the Judicial Administrator and the Chief Judge.

1.d) Due to intergovernmental practices we are unable to review the proper source documents that would enable us to verify receipt/collection completeness. A month end report from the Clerk of Court is checked and verified to insure that deposits received match the Clerk's collection report.

1k) We have forwarded the Disaster Recovery policy back to the IT dept. so they can revise for testing of backups. All of our systems have antivirus software and system and software updates are done regularly. The IT dept. will detail the frequency of backup and updates on the revised policy.

2a) The Commission will pass a new policy where the Board will meet on a quarterly basis, thus the Court will schedule quarterly meetings moving forward.

5a) & 6b) Policy requires a purchase order for all transactions exceeding \$1,000, excluding reoccurring transactions. The Judicial Administrator approves and initiates all Building Commission purchases. Due to the size of the office/staff a purchase order for every transaction is not an efficient nor practical practice. Each transaction will be approved by the Finance Director, Judicial Administrator, and the Chief Judge.

Please call with any questions or comments.

Sincerely,

A handwritten signature in blue ink that reads "Gordon Gagliano, CPA".

Gordon Gagliano, CPA
Director of Finance