

*Financial Report*

*Civil District Court Parish of Orleans  
Judicial Court Building Commission*

*December 31, 2018*



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Civil District Court Parish of Orleans  
Judicial Court Building Commission,  
New Orleans, Louisiana.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and major fund of the Civil District Court Parish of Orleans Judicial Court Building Commission ("JCBC"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise JCBC'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Civil District Court Parish of Orleans Judicial Court Building Commission as of December 31, 2018, and the respective change 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 information on pages 4 through 8, and the required supplementary information on pages 28 through 30, 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.

## *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 30 as required by Louisiana Revised statute 24:513 (A)(3) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report, dated June 14, 2019, on our consideration of JCBC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering JCBC's internal control over financial reporting and compliance.

*Bougeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 14, 2019.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **Civil District Court Parish of Orleans Judicial Court Building Commission New Orleans, Louisiana**

December 31, 2018

The Management's Discussion and Analysis of Civil District Court Parish of Orleans Judicial Court Building Commission's ("JCBC") financial performance presents a narrative overview and analysis of JCBC's financial activities as of and for the year ended December 31, 2018. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

JCBC's assets exceeded its liabilities as of December 31, 2018 by \$11,102,594 (net position), which represents approximately a 23% increase from last fiscal year. Of the \$11,102,594, \$10,208,910 is restricted for capital expenditures and none of which is unrestricted. Of the \$11,102,594, \$893,684 is invested in capital assets.

JCBC's total assets increased \$1,699,633 (or 18%). The increase was due to increasing the net position by \$2,049,633.

JCBC's revenues increased \$416,484 (or 25%). The increase was due to recognizing \$350,000 of other income from a previously recorded contingency which was dismissed in the current year.

JCBC's expenses increased \$5,658.

JCBC did not have any funds with deficit fund balances.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to JCBC's financial statements. JCBC's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) financial statements, and (3) special reports by certified public accountants and management.

## **OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

The basic financial statements include two kinds of statements that present different views of JCBC:

### **Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of JCBC.

The Statement of Net Position presents information on all of JCBC's assets less liabilities which results in net position. This statement is designed to display the financial position of JCBC. You can think of JCBC's net position as one way to measure JCBC's financial health. Over time, increases or decreases in JCBC's net position are an indicator of whether its financial health is improving or deteriorating.

JCBC's Statement of Activities demonstrates the degree to which the expenses are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function. Revenues consist of fees, court costs, and other charges.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

### **Governmental Funds**

Governmental fund financial statements are reported using the current financial focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collectible with the current period. For this purpose, JCBC considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. JCBC has only one governmental fund as described below:

#### **Capital Projects Fund**

The Capital Projects Fund is used to account for all financial resources of JCBC to be used for the construction and funding of the new courthouse.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit E of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Position provides information which shows how JCBC's net position changed as a result of the current year's activities. This allows users of the financial statements to determine the major factors that affected the current financial statements and may have a significant impact on financial statements in the future.

### **Condensed Statements of Net Position**

	December 31,		Change
	2018	2017	
Assets	\$ 11,102,544	\$ 9,402,911	\$ 1,699,633
Liabilities	-	350,000	(350,000)
Net position	<u>\$ 11,102,544</u>	<u>\$ 9,052,911</u>	<u>\$ 2,049,633</u>
Net position:			
Invested in capital assets	\$ 893,684	\$ 893,684	\$ -
Restricted	10,208,860	8,159,227	2,049,633
Total net position	<u>\$ 11,102,544</u>	<u>\$ 9,052,911</u>	<u>\$ 2,049,633</u>

Net assets are restricted for the design, planning, feasibility, acquisition, construction, equipping, operating, and maintaining a new courthouse facility.

### **Condensed Statements of Activities**

	For the years ended December 31,		Change	Total Percentage Change
	2018	2017		
Revenues:				
Fees collected	\$ 1,583,222	\$1,462,033	\$ 121,189	8%
Interest income	131,549	186,254	(54,705)	-3.0%
Other income	350,000	-	350,000	100%
Total revenues	2,064,771	1,648,287	416,484	25%
Expenses:				
Planning services	15,138	9,480	5,658	60%
Increase in net position	2,049,633	1,452,553	597,080	41%
Net position beginning of year	9,052,911	7,414,104	1,638,807	22%
Ending net position	<u>\$11,102,544</u>	<u>\$8,866,657</u>	<u>\$2,235,887</u>	25%

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, JCBC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of JCBC's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable and restricted resources. Such information is useful in assessing JCBC's financing requirements. In particular, restricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year on projects for which particular funds can be spent only for a specific purpose. As of December 31, 2018, JCBC's governmental fund, the Capital Projects Fund, reported an ending fund balance of \$10,208,860, an increase of \$2,049,633 in comparison with the prior year.

### **Capital Projects Fund Budgetary Highlights**

During the year, revenues were higher than budgetary estimates by approximately \$517,000 and expenditures were lower than budgetary estimates by approximately \$557,000.

## **CAPITAL ASSETS**

JCBC's investment in capital assets for its governmental activities as of December 31, 2018 and 2017, totaled \$893,684. This investment in capital assets includes professional fees and management consulting fees for the planning and design services for the new courthouse. The total cost of the courthouse will be depreciated over its useful life when it is put in service.

	<u>2018</u>	<u>2017</u>
Courthouse costs	<u>\$ 893,684</u>	<u>\$ 893,684</u>

Additional information on JCBC's capital assets can be found in Note 5 of this report.

## **OTHER INFORMATION**

At the present time, JCBC does not have any infrastructure assets, nor does it have any long-term debt.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

JCBC considers the following factors and indicators when setting next year's budget. These factors and indicators are as follows:

- Building fees collected are budgeted based on the assumption that fees will remain consistent unless there is a reason to expect an increase or decrease in the volume of court filings.
- Interest income is budgeted based on estimated interest rates times estimated average account balances.
- Expenses are budgeted based upon the prior year's activity, and adjusted based upon the Board of Commissioner's expectations about the current level of expenditures. The budget was based on the assumption that certain expenses for 2019 would increase from 2018.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of JCBC's finances for all those with an interest in JCBC's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Commissioners of the Civil District Court Parish of Orleans Judicial Court Building Commission, 421 Loyola Avenue, Room 320, New Orleans, LA 70112.

**STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

December 31, 2018

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
<b>Assets</b>			
Cash	\$ 10,079,121	\$ -	\$ 10,079,121
Accounts receivable	129,739	-	129,739
Capital assets, net of accumulated depreciation	-	893,684	893,684
Total assets	<u>\$ 10,208,860</u>	<u>\$ 893,684</u>	<u>\$ 11,102,544</u>
<b>Fund Balance/Net Position</b>			
Fund balance:			
Restricted	<u>10,208,860</u>	<u>(10,208,860)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 10,208,860</u>	<u>(10,208,860)</u>	<u>-</u>
Net position:			
Net invested in capital assets		893,684	893,684
Restricted		<u>10,208,860</u>	<u>10,208,860</u>
Total net position		<u>\$ 11,102,544</u>	<u>\$ 11,102,544</u>

See notes to financial statements.

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

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

December 31, 2018

<b>Fund Balance - Governmental Fund</b>	<b>\$ 10,208,860</b>
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Amounts reported for governmental activities in  
the statement of net position are different because:

Capital assets used in governmental activities are  
not financial resources and, therefore, are not  
reported in the governmental fund.

Governmental capital assets

893,684

**Net Position of Governmental Activities**

**\$ 11,102,544**

See notes to financial statements.

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

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Fees collected	\$ 1,583,222		\$ 1,583,222
Interest income	131,549		131,549
Other income	350,000		350,000
	<u>2,064,771</u>		<u>2,064,771</u>
<b>Expenditures</b>			
Planning and administrative services	644		644
Professional fees	14,494		14,494
	<u>15,138</u>		<u>15,138</u>
<b>Excess of Revenues Over     Expenditures</b>	2,049,633	\$(2,049,633)	-
<b>Change in Net Position</b>	<u>-</u>	<u>2,049,633</u>	<u>2,049,633</u>
<b>Net Change</b>	2,049,633	-	2,049,633
<b>Fund Balance/Net Position</b>			
Beginning of year	<u>8,159,227</u>	<u>893,684</u>	<u>9,052,911</u>
End of year	<u>\$ 10,208,860</u>	<u>\$ 893,684</u>	<u>\$ 11,102,544</u>

See notes to financial statements.

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

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$2,049,633</b>
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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, and the net book value of any disposed assets is recorded as a loss on the disposal of assets. (No depreciation has been recorded as of December 31, 2018 since no assets have been placed into service as of that date.)

	<u>\$ -</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$2,049,633</u></u></b>
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See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

December 31, 2018

**Note 1 - REPORTING ENTITY**

The Civil District Court Parish of Orleans Judicial Court Building Commission ("JCBC") is designated by R.S. 13:3105(A) and re-enacted R.S. 13:996.67. JCBC was created pursuant to Act 900 enacted by the Legislature of Louisiana which amended R.S. 13:3105(A) and re-enacted R.S. 13:996.67.

The amendment and re-enactment authorized the Civil District Court Parish of Orleans Judicial Court Building Commission to impose by order of the Judges En Banc additional cost of court and service charges. Such impositions are to continue until such time that the bonded indebtedness provided for in subsection C of Section 996.67 is paid. All funds generated shall be transferred at the discretion of JCBC to the Capital Projects Fund. These funds shall be dedicated to the design, planning, feasibility, acquisition, construction, equipping, operating, and maintaining a new facility to house the Civil District Court for the Parish of Orleans, offices of the Clerk of Court for Civil District for the Parish of Orleans, First City Court, Clerk of the First City Court, Constable of the First City Court, Office of the Civil Sheriff, Orleans Parish Juvenile Court, Mortgage Office, Conveyance Office, Notarial Archives and such other courts and parochial offices as may be necessary.

Further, if public bids are not let for the construction of a new facility as provided in Section 996.67 by August 15, 2021 (extended by House Bill 358 from August 15, 2016 to August 15, 2021), then the authority provided in Section 996.67 to levy the additional costs and charges shall terminate and be null and void. Thereafter, no costs or charges authorized in Section 996.67 shall be imposed or collected. Should the authority to levy such costs and charges terminate as set forth herein, all funds collected and deposited in the separate account as provided in the referenced Section shall be used solely for capital improvements to the facility then housing the Civil District Court for the Parish of Orleans.

**Note 1 - REPORTING ENTITY (Continued)**

The Judges En Banc of the Civil District Court for the Parish of Orleans shall serve as the board of commissioners thereof. JCBC shall be a public corporation with power to contract, administer the proceeds of the costs and charges authorized in Section 996.67, lease, sublease, and otherwise provide for the construction, equipping, maintenance, and operation of a new courthouse for the Civil District Court for the Parish of Orleans and to pledge and dedicate the receipts of the courthouse construction fund created hereby for the payment of any lease or sublease obligation, loan agreement, or other financing agreement relative thereto.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Civil District Court Parish of Orleans Judicial Court Building Commission conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

**a) The Financial Reporting Entity**

The GASB has established standards for defining and reporting on the financial entity. GASB standards indicate the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special purpose government that meets all of the following criteria:

1. Appointing a voting majority of an organization's governing body, and
  - a. the ability of the Primary Government to impose its will on that organization and/or,
  - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Primary Government.
2. Organizations for which the Primary Government does not appoint a voting majority but are fiscally dependent on the Primary Government.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**a) The Financial Reporting Entity (Continued)**

The Louisiana State Legislature enacted Act 900 of the Louisiana 2010 regular session to create a public corporation. Included in the provisions for the Act was the collection of fees to JCBC. Specifically, the Act provides for the collection of fees and the deposit in an account held in the Courthouse's Construction Fund.

Because the Judicial Expense Fund for the Civil District Court for the Parish of Orleans ("Judicial Expense Fund") does not appoint the Commission, does not provide funding (other than the use of facilities), or have any control over JCBC, JCBC has determined that the office is not a component unit of the Judicial Expense Fund. The accompanying financial statements present information only on the funds maintained by JCBC and do not present information on the Judicial Expense Fund, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of Judicial Expense Fund.

Accordingly, the accompanying financial statements present information only on JCBC and do not present any other information of the Judicial Expense Fund.

**b) Basis of Presentation**

JCBC's basic financial statements consist of the government-wide statements on all activities of JCBC and the governmental fund financial statements.

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of JCBC. JCBC is considered to be a governmental activity of a special purpose government.

JCBC's Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue consists of fees and court costs and other charges.

Separate financial statements are provided for the governmental fund. JCBC's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, JCBC considered revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

JCBC reports its governmental fund as follows:

**Capital Projects Fund**

The Capital Projects Fund is used to account for all financial resources of JCBC to be used for the construction and funding of the new courthouse.

**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 - 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.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**b) Basis of Presentation (Continued)**

Basis of accounting - 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 or soon enough thereafter to be used to pay liabilities of the current period. Revenues include civil filing and recording fees imposed to finance the construction and related planning costs of the new courthouse.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**c) Uses of Estimates**

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

**d) Cash and Cash Equivalents**

Cash includes amounts in interest-bearing demand deposits. Under state law, JCBC may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. There were no cash equivalents as of December 31, 2018.

**e) Accounts Receivable**

The financial statements of JCBC contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the fund.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Stewardship, Compliance, and Accountability**

**Budget Expenditures Exceeding Actual Expenditures**

The Capital Projects Fund had actual expenditures less than appropriations:

	Budget	Actual	Favorable Variance
Capital Projects Fund	\$ 572,000	\$ 15,138	\$ 556,862

**g) Capital Assets**

The accounting treatment over capital assets depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, property and equipment are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost or estimated historical cost if actual is unavailable. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation when the asset is placed in service. As of December 31, 2018, no property and equipment has been put in service and no depreciation has been recorded.

Fund Financial Statements:

In the fund financial statements, the cost of capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**h) Equity Classifications**

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets** - consists of capital assets including restricted capital assets, net of any accumulated depreciation and when applicable reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings and deferred inflows of resources that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted** - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be 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.
- c. Unrestricted** - net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in either of the other two categories of net position. There were no unrestricted net assets as of December 31, 2018.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

**Nonspendable** - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. There was no nonspendable equity as of December 31, 2018.

**Restricted** - amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

**Committed** - amounts that can be used only for specific purposes determined by a formal decision of the Commission. The Commission is the highest level of decision-making authority for JCBC. There was no committed equity as of December 31, 2018.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**h) Equity Classifications (Continued)**

**Assigned** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for a specific purposes. There was no assigned equity as of December 31, 2018.

**Unassigned** - all other spendable amounts. There was no unassigned equity as of December 31, 2018.

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

**i) New Accounting Pronouncements**

During the year ended December 31, 2018, JCBC implemented the following GASB statements:

Statement No. 75, *"Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions."* replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. This Statement did not affect the JCBC's financial statements.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) New Accounting Pronouncements (Continued)**

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. This Statement did not affect the JCBC's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) New Accounting Pronouncements (Continued)

not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 88, "*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*" improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 30, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) New Accounting Pronouncements (Continued)

Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 90, *"Majority Equity Interest"* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, an endowment (including permanent and term endowments), or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) New Accounting Pronouncements (Continued)**

the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should only include transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

**Note 3 - CASH**

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The year-end bank balance is as follows:

	Bank Balances	Reported Amount
Cash	\$10,079,141	\$10,079,121

Custodial credit risk is the risk that in the event of a bank failure, JCBC's deposits may not be returned to it. JCBC has a written policy for custodial credit risk. As of December 31, 2018, JCBC's bank balance of \$10,079,141 was in excess of the federal deposit limit by \$9,829,141.

**Note 3 - CASH (Continued)**

As of December 31, 2018, cash was adequately collateralized in accordance with state law by securities held by an unaffiliated financial institution for the account of JCBC but not in JCBC's name. The GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 4 - ACCOUNTS RECEIVABLE**

As of December 31, 2018, accounts receivable of \$129,739 consisted of funds collected on behalf of JCBC and due from the Orleans Parish Clerk of Civil District Court (\$108,480) and Clerk of Court Orleans First City Court (\$21,259).

**Note 5 - CHANGES IN CAPITAL ASSETS**

	<u>Balance January 1, 2018</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance December 31, 2018</u>
Capital assets:				
Courthouse costs and equipment	\$ 893,684	\$ -	\$ -	\$ 893,684
Less accumulated depreciation for:				
Courthouse costs and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, net	<u>\$ 893,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 893,684</u>

**Note 6 - OTHER INCOME**

On December 19, 2014, JCBC entered into a professional services contract with CFP New Orleans, L.L.C. (CFP) under which CFP agreed to provide certain architectural, financial and developmental services for the design, engineering, planning, construction, equipping and financing of a new courthouse facility. The agreement specified that services would be provided by both CFP and third parties selected by CFP and approved by JCBC. The agreement provided for a payment of \$500,000 for the performance of Phase I services with an initial payment of \$250,000 and a final payment of \$250,000 upon completion of Phase I. On October 19, 2015, JCBC notified CFP that it had decided to terminate Phase I and not proceed with Phase II of the services. On October 26, 2015, CFP invoiced JCBC \$953,650 for professional services allegedly incurred prior to the termination of the contract. That invoice included a charge for reimbursement for a deposit and other costs incurred by Civic Development Collaborative, L.L.C. (CDC) to secure a purchase agreement for property that CDC intended to acquire for the purpose of constructing a new courthouse facility.

On November 24, 2015, JCBC informed CFP that it disputed most of the amounts invoiced, but would review the invoice further for any amounts that it approved for payment. On December 14, 2015, CFP filed a petition in the Supreme Court of the State of Louisiana to collect the invoiced total of \$953,650. Counsel for JCBC filed exceptions with the Supreme Court requesting dismissal of the suit. The Supreme Court dismissed the case for lack of jurisdiction. Counsel for the plaintiffs subsequently filed a suit against JCBC for breach of contract. Counsel had estimated a range of liability from \$300,000 to \$490,000. A liability of \$300,000 was recorded for the minimum amount of the estimated range. During the year ended December 31, 2018, the suit was dismissed and \$350,000 of other revenue was recognized for the \$50,000 deposit and the \$300,000 contingent liability.

**Note 7 - RISK MANAGEMENT**

JCBC is exposed to various risks of loss related to torts, theft for which JCBC carries no commercial insurance at the present time. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**Note 8 - CONCENTRATION OF CREDIT RISK**

JCBC's principal source of revenues consists mainly of filing fees. Such fees are partially dependent upon economic and financial conditions within Orleans Parish. If the amount of fees received falls below budgeted levels, JCBC's operating results could be adversely affected.

**Note 9 - RESTRICTED NET POSITION**

As of December 31, 2018, restricted net position consisted of funds for the design, planning, feasibility, acquisition, construction, equipping, operating, and maintaining a new courthouse facility.

**Note 10 - PER DIEM TO COMMISSIONER**

For the year ended December 31, 2018, none of the Commissioners received per diem in their respective capacity as commissioners.

**Note 11 - SUBSEQUENT EVENTS**

JCBC evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 14, 2019, which is the date the financial statements were available to be issued.

**Note 12 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS**

The accompanying financial statements do not include certain expenditures related to the use of facilities of JCBC's office paid out of the funds of the Civil District Court Parish of Orleans.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

	Budget Amount	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>			
Building fees collected	\$ 1,374,026	\$ 1,583,222	\$ 209,196
Interest income	173,250	131,549	(41,701)
Other income	-	350,000	350,000
	<u>1,547,276</u>	<u>2,064,771</u>	<u>517,495</u>
<b>Expenditures</b>			
Planning and administrative services	32,000	644	31,356
Professional fees	40,000	14,494	25,506 *
Capital outlay	500,000	-	500,000 *
	<u>572,000</u>	<u>15,138</u>	<u>556,862</u>
<b>Excess of Revenues Over Expenditures</b>	975,276	2,049,633	<u>\$ 1,074,357</u>
<b>Fund Balance</b>			
Beginning of year	<u>8,061,198</u>	<u>8,159,227</u>	
End of year	<u>\$ 9,036,474</u>	<u>\$ 10,208,860</u>	

\* Amounts recorded as professional fees budgeted as capital outlay.

**NOTE TO REQUIRED SUPPLEMENTARY  
INFORMATION - BUDGETARY REPORTING**

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

JCBC adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

**Budgetary Information**

JCBC adopted a budget for its Governmental Fund for the year ended December 31, 2018 and it was made available for public inspection at JCBC's office on November 20, 2017. The proposed budget was prepared on the accrual basis of accounting, and was published in the official journal on November 1, 2017. The budget hearing was held at JCBC's office on December 5, 2017. The budget is legally adopted and amended, as necessary, by JCBC. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget. The budget was not amended during the year.

The budget was adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD**

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

**Chief Judge Name:** Paulette R. Irons

**Purpose**

Salary	\$	0
Benefits - insurance		0
Benefits - retirement		0
Benefits - other		0
Car allowance		0
Vehicle provided by government		0
Per diem		0
Reimbursements		0
Travel		0
Registration fees		0
Conference travel		0
Continuing professional education fees		0
Housing		0
Unvouchered expenses		0
Special meals		0
		<hr/>
	\$	<hr/> <hr/> 0

\* The salary and related benefits for the Chief Judge is paid directly by the Supreme Court. As such, the judge receives no compensation for serving in her capacity on the En Banc.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**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**

To the Board of Commissioners,  
Civil District Court Parish of Orleans  
Judicial Court Building Commission,  
New Orleans, Louisiana.

We have audited, 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, the accompanying financial statements of the governmental activities and major fund of the Civil District Court Parish of Orleans Judicial Court Building Commission ("JCBC") as of and for the year ended December 31, 2018, and the related notes to the financial statements which collectively comprise the Civil District Court Parish of Orleans Judicial Court Building Commission's basic financial statements, and have issued our report thereon dated June 14, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered JCBC'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of JCBC's internal control. Accordingly, we do not express an opinion on the effectiveness of JCBC'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 JCBC'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 JCBC'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 JCBC'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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 14, 2019.



**REPORTS BY MANAGEMENT**

## **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

**Civil District Court Parish of Orleans  
Judicial Court Building Commission  
New Orleans, Louisiana**

For the year ended December 31, 2018

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

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

There were no findings noted during the audit for the year ended December 31, 2017 related to internal control over financial reporting.

### **Section II - Internal Control and Compliance Material to Federal Awards**

Civil District Court Parish of Orleans Judicial Court Building Commission did not expend more than \$750,000 in Federal awards during the year ended December 31, 2017, and therefore, is exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the basic financial statements for the year ended December 31, 2017.

## **MANAGEMENT'S CORRECTIVE ACTION PLAN**

### **Civil District Court Parish of Orleans Judicial Court Building Commission New Orleans, Louisiana**

For the year ended December 31, 2018

#### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

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

There were no findings noted during the audit for the year ended December 31, 2018 related to internal control over financial reporting.

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

There were no findings noted during the audit for the year ended December 31, 2018 related to compliance and other matters.

#### **Section II - Internal Control and Compliance Material to Federal Awards**

Civil District Court Parish of Orleans Judicial Court Building Commission did not expend more than \$750,000 in Federal awards during the year ended December 31, 2018, and therefore, is exempt from the audit requirements of Title 2 U.S. Code for Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

#### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the basic financial statements for the year ended December 31, 2018.

**STATEWIDE AGREED UPON PROCEDURES (R.S. 24:513)**

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED UPON PROCEDURES**

To the Board of Commissioners,  
Civil District Court Parish of Orleans,  
Judicial Court Building Commission,  
New Orleans, Louisiana.

We have performed the procedures described below, which were agreed to by the Civil District Court Parish of Orleans Judicial Court Building Commission (JCBC) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2018. The JCBC's management is responsible for those C/C areas identified in the SAUPs.

This SAUPs engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described below:

Written Policies and Procedures

1. Prior year testing resulted in no exceptions related to written policies and procedures. Therefore, testing is not required in the current year.

Board or Finance Committee

2. Prior year testing resulted in no exceptions related to board or finance committee. Therefore, testing is not required in the current year.

Bank Reconciliations

3. Prior year testing resulted in no exceptions related to bank reconciliations. Therefore, testing is not required in the current year.

## Collections

4. Obtain 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 (or all deposit sites if less than five).

Performance: We obtained the listing of deposit sites and a representation from management that the listing is complete.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., five collection locations for five deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.

Performance: We noted through inquiry of management that there is no cash drawer/register.

Exceptions: There is no cash drawer/register.

Management's response: The JCBC does not have a cash drawer/register. All funds received by the JCBC are counted by one staff person, a deposit slip completed and then the deposit is made by a different employee. If cash is received after the daily bank deposit, the funds are kept in a locked safe in a locked closet in the Judicial Administrator's office with restricted employee access.

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

Performance: We noted through inquiry of management that each employee responsible for collecting cash is not responsible for preparing/making bank deposits.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

Collections (Continued)

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

Performance: We noted through inquiry of management that each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary general ledgers.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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

Performance: We noted through inquiry of management that the employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performance: We noted through inquiry of management that all employees who have access to cash are covered by an insurance policy for theft.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

## Collections (Continued)

7. Select two deposit dates for each of the five bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the ten deposits and:

We randomly selected two deposit dates for the one JCBC bank account. We obtained supporting documentation and verified that the deposit documentation addresses the areas as follows:

- a) Observe that receipts are sequentially pre-numbered.

Performance: We observed "Building Fund Fees Collected" reports for both deposits, which included pre-numbered receipts.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: We traced other related collection documentation to the deposit slip for the two deposits.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performance: We traced the deposit slip total to the actual deposit per the bank statement for the two deposits.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

## Collections (Continued)

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: We noted that one of the two deposits was made within one business day of receipt at the collection location. We noted that the other deposit was made within two business days of receipt at the collection location.

Exceptions: One deposit was made within two business days of receipt at the collection location.

Management's response: The JCBC normally makes deposits the same day or within one business day of receipt. We will adjust our procedures to ensure if the person who makes the deposits is out of the office, someone else will be designated to make the deposit.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performance: We traced the actual deposit per the bank statement to the general ledger for the two deposits.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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

8. Prior year testing resulted in no exceptions related to non-payroll disbursements. Therefore, testing is not required in the current year.

## Credit Cards/Debit Cards/Fuel Cards/P-Cards

9. Prior year testing resulted in no exceptions related to credit cards/debit cards/fuel cards/p-cards. Therefore, testing is not required in the current year.

## Travel and Expense Reimbursement

10. Prior year testing resulted in no exceptions related to travel and expense reimbursement. Therefore, testing is not required in the current year.

## Contracts

11. Prior year testing resulted in no exceptions related to contracts. Therefore, testing is not required in the current year.

Payroll and Personnel

12. Prior year testing resulted in no exceptions related to payroll and personnel. Therefore, testing is not required in the current year.

Ethics

13. Prior year testing resulted in no exceptions related to ethics. Therefore, testing is not required in the current year.

Debt Service

14. Prior year testing resulted in no exceptions related to debt service. Therefore, testing is not required in the current year.

Other

15. Prior year testing resulted in no exceptions related to other. Therefore, testing is not required in the current year.

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 these 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.

The purpose of this report is 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 Louisiana Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
June 14, 2019.