

Financial Report

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

December 31, 2017



Financial Report

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Judicial Court Building Commission*

December 31, 2017

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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, 2017, 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 of 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, 2017, 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 25 through 27, 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 27 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 May 31, 2018, 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, and 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.

Certified Public Accountants.

New Orleans, Louisiana,
May 31, 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2017

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, 2017. 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, 2017 by \$9,052,911 (net position), which represents approximately a 22% increase from last fiscal year. Of the \$9,052,911, \$8,159,227 is restricted for capital expenditures and none of which is unrestricted. Of the \$9,052,911, \$893,684 is invested in capital assets.

JCBC's total assets increased \$1,607,497 (or 21%). The increase was due to increasing the net position by \$1,638,807.

JCBC's revenues increased \$4,815.

JCBC's expenses decreased \$480,191. The decrease was due to a decrease in courthouse professional fees of approximately \$480,000.

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 effected the current financial statements and may have a significant impact on financial statements in the future.

Condensed Statements of Net Position

	December 31,		Dollar
	<u>2017</u>	<u>2016</u>	<u>Change</u>
Assets	<u>\$ 9,402,911</u>	<u>\$ 7,795,414</u>	<u>\$ 1,607,497</u>
Liabilities	<u>350,000</u>	<u>381,310</u>	<u>(31,310)</u>
Net position:			
Invested in capital assets	893,684	893,684	-
Restricted	<u>8,159,227</u>	<u>6,520,420</u>	<u>1,638,807</u>
Total net assets	<u>\$ 9,052,911</u>	<u>\$ 7,414,104</u>	<u>\$ 1,638,807</u>

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

Condensed Statements of Activities

	December 31,		Dollar	Total
	<u>2017</u>	<u>2016</u>	<u>Change</u>	<u>Percentage</u>
				<u>Change</u>
Revenues:				
Fees collected	<u>\$ 1,648,287</u>	<u>\$ 1,643,472</u>	<u>\$ 4,815</u>	0%
Expenses:				
Planning services	<u>9,480</u>	<u>489,671</u>	<u>(480,191)</u>	-98%
Increase in net position	1,638,807	1,153,801	485,006	42%
Net position beginning of year	<u>7,414,104</u>	<u>6,260,303</u>	<u>1,153,801</u>	18%
Ending net position	<u>\$ 9,052,911</u>	<u>\$ 7,414,104</u>	<u>\$ 1,638,807</u>	22%

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, 2017, JCBC's governmental fund, the Capital Project's Fund, reported an ending fund balance of \$8,159,227, an increase of \$1,638,807 in comparison with the prior year.

Capital Projects Fund Budgetary Highlights

During the year, revenues were higher than budgetary estimates by approximately \$98,000 and expenditures were higher than budgetary estimates by approximately \$250.

CAPITAL ASSETS

JCBC's investment in capital assets for its governmental activities as of December 31, 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>2017</u>	<u>2016</u>
Courthouse costs	<u>\$ 893,684</u>	<u>\$ 893,684</u>

Additional information on JCBC's capital assets can be found in Note 6 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 2018 would increase from 2017.

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, 2017

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 8,275,958	\$ -	\$ 8,275,958
Accounts receivable	233,269	-	233,269
Capital assets, net of accumulated depreciation	-	893,684	893,684
Total assets	<u>\$ 8,509,227</u>	<u>\$ 893,684</u>	<u>\$ 9,402,911</u>
Liabilities			
Accounts payable and other liabilities	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Fund Balance/Net Position			
Fund balance:			
Restricted	<u>8,159,227</u>	<u>(8,159,227)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 8,509,227</u>	<u>(8,159,227)</u>	<u>350,000</u>
Net position:			
Net invested in capital assets		893,684	893,684
Restricted		<u>8,159,227</u>	<u>8,159,227</u>
Total net position		<u>\$ 9,052,911</u>	<u>\$ 9,052,911</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, 2017

Fund Balance - Governmental Fund	\$ 8,159,227
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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	<u>893,684</u>
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Net Position of Governmental Activities	<u><u>\$ 9,052,911</u></u>
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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, 2017

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Fees collected	\$ 1,462,033		\$ 1,462,033
Interest income	186,254		186,254
Total revenues	<u>1,648,287</u>		<u>1,648,287</u>
Expenditures			
Planning and administrative services	258		258
Professional fees	9,222		9,222
Total expenditures/expenses	<u>9,480</u>		<u>9,480</u>
Excess of Revenues Over Expenditures	1,638,807	\$ (1,638,807)	-
Change in Net Position	<u>-</u>	<u>1,638,807</u>	<u>1,638,807</u>
Net Change	1,638,807	-	1,638,807
Fund Balance/Net Position			
Beginning of year	<u>6,520,420</u>	<u>893,684</u>	<u>7,414,104</u>
End of year	<u>\$ 8,159,227</u>	<u>\$ 893,684</u>	<u>\$ 9,052,911</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, 2017

Net Change in Fund Balance - Governmental Fund	\$ 1,638,807
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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, 2017 since no assets have been placed into service as of that date.)

Change in Net Position of Governmental Activities	\$ 1,638,807
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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, 2017

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, 2017.

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

Expenditures Exceeding Budget

The Capital Projects Fund had appropriations exceeding actual expenditures:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Capital Projects Fund	\$ 9,222	\$ 9,480	\$ 258

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, 2017, 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, 2017.

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, 2017.

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, 2017.

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, 2017.

Unassigned - all other spendable amounts. There was no unassigned equity as of December 31, 2017.

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, 2017, JCBC implemented the following GASB statements:

Statement No. 79, "*Certain External Investment Pools and Pool Participants*" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. This Statement did not affect JCBC's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This Statement did not affect JCBC's financial statements.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) New Accounting Pronouncements (Continued)

Statement No. 85, "*Omnibus 2017*" On March 20, 2017, GASB issued "Omnibus 2017" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "Omnibus 2017" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics.

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	\$8,275,958	\$8,275,958

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, 2017, JCBC's bank balance of \$8,275,958 was in excess of the federal deposit limit by \$8,025,958.

As of December 31, 2017, 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, 2017, accounts receivable of \$233,269 consisted of funds collected on behalf of JCBC and due from the Orleans Parish Clerk of Civil District Court (\$223,843) and Clerk of Court Orleans First City Court (\$9,426).

Note 5 - ACCOUNTS PAYABLE AND OTHER LIABILITIES

As of December 31, 2017, accounts payable of \$350,000, consisted of \$300,000 of the estimated legal settlement (see Note 13), and a \$50,000 deposit used for a construction bid.

Note 6 - CHANGES IN CAPITAL ASSETS

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance December 31, 2017</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 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, 2017, 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, 2017, 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 May 31, 2018, 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.

Note 13 - CONTINGENCIES

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

Note 13 - CONTINGENCIES (Continued)

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. No agreement has been reached to date on the invoiced amounts. On December 14, 2015, CFP and CDC 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 has subsequently filed a suit against JCBC for breach of contract. Counsel has estimated a range of liability from \$300,000 to \$490,000. A liability of \$300,000 has been recorded in accounts payable for the minimum amount of the estimated range.

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Building fees collected	\$ 1,573,425	\$ 1,380,000	\$ 1,462,033	\$ 82,033
Interest income	135,300	170,000	186,254	16,254
Total revenues	<u>1,708,725</u>	<u>1,550,000</u>	<u>1,648,287</u>	<u>98,287</u>
Expenditures				
Planning and administrative services	44,080	-	258	(258)
Professional fees	37,000	9,222	9,222	-
Capital outlay	500,000	-	-	-
Total expenditures	<u>581,080</u>	<u>9,222</u>	<u>9,480</u>	<u>(258)</u>
Excess of Revenues Over Expenditures	1,127,645	1,540,778	1,638,807	98,029
Fund Balance				
Beginning of year	<u>6,710,812</u>	<u>6,520,420</u>	<u>6,520,420</u>	<u>-</u>
End of year	<u>\$ 7,838,457</u>	<u>\$ 8,061,198</u>	<u>\$ 8,159,227</u>	<u>\$ 98,029</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, 2017

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, 2017 and it was made available for public inspection at JCBC's office on November 21, 2016. The proposed budget was prepared on the accrual basis of accounting, and was published in the official journal on November 2, 2016. The budget hearing was held at JCBC's office on December 6, 2016. The budget is legally adopted and amended, as necessary, by JCBC. The budget for the year ended December 31, 2017 was amended once and was made available for public inspection at the JCBC's office on November 20, 2017. The budget was published in the official journal on November 1, 2017. The budget hearing was held at the JCBC's office on December 5, 2017. 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 and amended adopted budgets.

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, 2017

Chief Judge Name: Sidney H. Cates, IV

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/>
	\$ 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 his 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, 2017, 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 May 31, 2018.

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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Certified Public Accountants.

New Orleans, Louisiana,
May 31, 2018.

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, 2017

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, 2016 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 receive federal awards during the year ended December 31, 2016.

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, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended December 31, 2017

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.

Compliance and Other Matters

There were no findings noted during the audit for the year ended December 31, 2017 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 receive federal awards during the year ended December 31, 2017.

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.

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 enumerated below, which were agreed to by the management of Civil District Court Parish of Orleans Judicial Court Building Commission (JCBC) and the Louisiana Legislative Auditor (LLA), solely to assist the specified users of the report in evaluating management's assertions about the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) accompanying the annual financial statements of JCBC for the year ended December 31, 2017 and to determine whether the C/C areas identified in the Statewide Agreed-Upon Procedures are free of obvious errors and omissions. Management of JCBC is responsible for its C/C areas identified in the SAUPs. 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 that were performed and our findings are as follows:

Written Policies and Procedures

- 1. Obtain JCBC's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that JCBC does not have any written policies and procedures), as applicable:**

We obtained the written policies and verified that the written policies address the areas as follows:

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

No exceptions were noted.

Written Policies and Procedures (Continued)

- 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 Louisiana Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes, if any.**

We obtained the purchasing policy from the JCBC. We verified that the written policy addresses (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions were noted.

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

We obtained the disbursements written policy from the JCBC. We verified that the written policy addresses processing, reviewing, and approving of disbursements.

No exceptions were noted.

- d) Receipts, including receiving, recording, and preparing deposits.**

We obtained the receipts written policy from the JCBC. We verified that the written policy addresses receiving, recording, and preparing deposits.

No exceptions were noted.

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

The JCBC does not have payroll or personnel. The JCBC is administered by the personnel of the Judicial Expense Fund; however, payroll expense is not allocated to the JCBC. Therefore, written policies for payroll and personnel of the JCBC is not applicable.

No exceptions were noted.

- 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.**

Written Policies and Procedures (Continued)

We obtained the contracting written policy from the JCBC. We verified that the written policy addresses (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 noted.

- 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; and (5) monitoring card usage.**

We obtained the credit cards written policy from the JCBC. We noted that the JCBC only uses a credit card, and does not use debit cards, fuel cards, or P-Cards. We verified that the written policy addresses (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers; and (5) monitoring card usage.

No exceptions were noted.

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

We obtained the travel and expense reimbursement written policy from the JCBC. We verified that the written policy addresses (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements; and (4) required approvers.

No exceptions were noted.

- 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.**

We obtained the ethics policy from JCBC. We verified that written policies address (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place; and (3) system to monitor possible ethics violations.

Written Policies and Procedures (Continued)

The requirement that all employees, including elected officials, annually attest through signature verification that they have read the JCBC's ethics policy is not applicable as JCBC does not have employees.

No exceptions were noted.

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements; and (4) debt service requirements.**

Not applicable as the JCBC has no debt.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.**

Louisiana State Legislature Act No. 900 is the JCBC's enabling legislation. Act No. 900 assigns the Judges, En Banc, of the Civil District Court for the parish of Orleans as the Board of Commissioners, but the Act does not state a required frequency of meeting or the required number of commissioners in attendance to constitute a quorum.

We noted the following JCBC meeting dates and attendance:

- On January 10, 2017, 14 judges attended the meeting.
- On February 7, 2017, 11 judges attended the meeting.
- On June 16, 2017, 12 judges attended the meeting.
- On November 7, 2017, 14 judges attended the meeting.
- On December 5, 2017, 10 judges attended the meeting.

No exceptions were noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in JCBC's prior audit (GAAP-basis).**

Budget-to-actual information, for the JCBC, was provided and referenced at each finance committee meeting of the Judicial Expense Fund. The Judicial Expense Fund board is comprised of the Judges, En Banc, of the Civil District Court for the Parish of Orleans. The judges also serve as the Board of Commissioners for the JCBC.

Board (or Finance Committee, if applicable) (Continued)

No exceptions were noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.**

For the minutes referenced in Step 2a, we verified that at least one meeting during the fiscal period included non-budgetary financial information.

No exceptions were noted.

Bank Reconciliations

- 3. Obtain a listing of JCBC's bank accounts from management and management's representation that the listing is complete.**

We obtained the listing of the bank accounts from management and obtained a representation from management that the listing is complete.

No exceptions were noted.

- 4. Using the listing provided by management, select all of JCBC's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:**

We selected all of the JCBC's bank accounts. For each bank account we verified the following:

- a) Bank reconciliations have been prepared.**

We obtained bank statements and bank reconciliations for all months in the fiscal period for the bank account referenced in Step 3. We verified that bank reconciliations were prepared.

No exceptions were noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation.**

A member of management reviewed each bank reconciliation.

Bank Reconciliations (Continued)

No exceptions were noted.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.**

Not applicable. There were no reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.**

We obtained the listing of collection locations and a representation from management that the listing is complete.

No exceptions were noted.

- 6. Using the listing provided by management, select all of JCBC's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). For each cash collection location selected:**

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party); and (3) not required to share the same cash register or drawer with another employee.**

We noted that each person collecting cash is not (1) bonded.

We obtained written documentation and determined that each person collecting cash is (2) not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account; (3) not required to share the same cash register or drawer with another employee.

- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether JCBC has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.**

Collections (Continued)

We verified that the JCBC has a formal process and written documentation to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

No exceptions were noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1. Using JCBC's collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.**

The JCBC maintains reports which document daily cash collections. We noted that cash deposits were made within one day of collection.

No exceptions were noted.

- 2. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.**

We obtained documentation and verified that daily cash collections are completely supported.

No exceptions were noted.

- 7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether JCBC has a process specifically defined (identified as such by JCBC) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.**

We obtained written documentation and verified that there is a process to determine completeness of collections by a person who is not responsible for collections.

No exceptions were noted.

Disbursements - General (excluding credit card/debit card/fuel card/P-card purchases, or payments)

- 8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for JCBC disbursements. Obtain management's representation that the listing or general ledger population is complete.**

We obtained the listing of JCBC disbursements and a representation from management that the listing is complete.

No exceptions were noted.

- 9. Using the disbursement population from Step 8 above, randomly select 25 disbursements (or randomly selected disbursements constituting at least one-third of the dollar disbursement population if JCBC had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:**

We tested the entire disbursement population, totaling six disbursements, examined supporting documentation and verified the following:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.**

No exceptions were noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.**

No exceptions were noted.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.**

All six of the disbursements were for services provided. Since no goods were received for these disbursements, there were no related receiving reports. For the six disbursements, we obtained documentation of the approved requisition and approved invoice.

No exceptions were noted.

Disbursements - General (excluding credit card/debit card/fuel card/P-card purchases, or payments) (Continued)

- 10. Using JCBC's documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.**

The accounts payable clerk is responsible for adding vendors to the purchasing/disbursement system and processing payments. JCBC's Judicial Administrator and two judges review all disbursements to mitigate the risk of improper payments.

- 11. Using JCBC's documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.**

The judges have signatory authority, but they do not have responsibility for recording purchases.

Judges are able to initiate purchases. However, as a compensating control, a judge cannot sign off on a purchase initiated by him or herself.

No exceptions were noted.

- 12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review JCBC's documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.**

JCBC uses electronically printed checks. Persons with signatory authority do not have system access to print checks. Unused checks are maintained in a locked location with restricted access.

No exceptions were noted.

- 13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.**

Disbursements - General (excluding credit card/debit card/fuel card/P-card purchases, or payments) (Continued)

JCBC does not use a signature stamp or signature machine.

No exceptions were noted.

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

- 14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.**

The Judges En Banc have authorized two credits cards. However the credit cards are not associated with JCBC, nor have the credit cards been used to make purchases for JCBC in the current year. Additionally, JCBC does not have any bank debit cards, fuel cards, or P-cards.

Therefore, credit cards, bank debit cards, fuel cards, and P-cards are not applicable.

No exceptions were noted.

- 15. Using the listing prepared by management, randomly select ten cards (or at least one-third of the cards if the entity has less than ten cards) that were used during the fiscal period, rotating cards each year.**

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

Not applicable.

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.**

Not applicable.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.**

Not applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (Continued)

16. Using the monthly statements or combined statements selected under Step 15 above, obtain supporting documentation for all transactions for each of the ten cards selected (i.e., each of the ten cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

1. An original itemized receipt (i.e., identifies precisely what was purchased)

Not applicable.

2. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Not applicable.

3. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Not applicable.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to JCBC's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes), if applicable, and report any exceptions.

Not applicable.

c) For each transaction, compare JCBC's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Not applicable.

Travel and Expense Reimbursement

- 17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.**

JCBC did not have any travel or expense reimbursements in the current year. We obtained a representation from management regarding travel and expense reimbursements.

No exceptions were noted.

- 18. Obtain JCBC's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.**

Not applicable.

- 19. Using the listing or general ledger from Step 17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:**

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (Step 18 above) and report each reimbursement that exceeded those rates.**

Not applicable.

- b) Report whether each expense is supported by:**

- 1. An original itemized receipt that identifies precisely what was purchased.**

Not applicable.

- 2. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).**

Not applicable.

Travel and Expense Reimbursement (Continued)

3. **Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).**

Not applicable.

- c) **Compare JCBC's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.**

Not applicable.

- d) **Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.**

Not applicable.

Contracts

20. **Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.**

JCBC did not enter into any contracts in the current year. We obtained management's representation regarding contracts.

No exceptions were noted.

21. **Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:**

- a) **Report whether there is a formal/written contract that supports the services arrangement and the amount paid.**

Not applicable.

Contracts (Continued)

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

1. If yes, obtain/compare supporting contract documentation to legal requirements and report whether JCBC complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

Not applicable.

2. If no, obtain supporting contract documentation and report whether JCBC solicited quotes as a best practice.

Not applicable.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

d) Select the largest payment from each of the five contracts; obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Not applicable.

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Not applicable.

Payroll and Personnel

22. Obtain a listing of employees with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

JCBC does not have payroll or personnel. JCBC is administered by the personnel of the Judicial Expense Fund; however, payroll expense is not allocated to JCBC.

Payroll and Personnel (Continued)

We obtained a representation from management regarding payroll and personnel.

No exceptions were noted.

- a) **Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.**

Not applicable.

- b) **Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.**

Not applicable.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees (or randomly select one-third of employees if JCBC had less than 25 employees during the fiscal period), and:**

- a) **Report whether all selected employees documented their daily attendance and leave (e.g., vacation, sick, compensatory).**

Not applicable.

- b) **Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.**

Not applicable.

- c) **Report whether there is written documentation that JCBC maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.**

Not applicable.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.**

Payroll and Personnel (Continued)

Not applicable.

- 25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.**

Not applicable.

Ethics

- 26. Using the five randomly selected employees/officials from procedure Step 22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.**

Not applicable. JCBC does not have employees.

- 27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.**

Not applicable.

Debt Service

- 28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.**

Not applicable. JCBC does not have outstanding debt.

- 29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.**

Not applicable.

Debt Service (Continued)

- 30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.**

Not applicable.

Other

- 31. Inquire of management whether JCBC had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether JCBC reported the misappropriation to the Louisiana Legislative Auditor and the district attorney of the parish in which JCBC is domiciled.**

Management represented that there were no misappropriations of public funds. In addition, management signed a management representation letter stating there were no misappropriations of public funds.

- 32. Observe and report whether JCBC has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.**

We verified that JCBC has posted on its premises and website the notice required by R.S. 24:523.1.

No exceptions were noted.

- 33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.**

We did not observe or otherwise identify any exceptions regarding management's representations in the procedures above.

No exceptions were noted.

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. We are not engaged to, and did not perform an examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on 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.

This 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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
May 31, 2018.