

**Nineteenth Judicial District Court
Building Commission
Baton Rouge, Louisiana
June 30, 2017**

Table of Contents

Independent Auditor's Report	Page	3
Management's Discussion and Analysis	Page	5
Basic Financial Statements		
Government-wide Financial Statements		
Statement of Net Position	Page	9
Statement of Activities	Page	10
Fund Financial Statements		
Balance Sheet - Governmental Funds	Page	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Page	12
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	Page	13
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	Page	14
Notes to Financial Statements	Page	15
Supplementary Information		
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer	Page	28
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 <i>Government Auditing Standards</i>	Page	29
Schedule of Current Year Findings and Responses	Page	31
Schedule of Prior Year Findings and Responses	Page	32



Independent Auditor's Report

To the Commissioners
Nineteenth Judicial District Court Building Commission
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major funds of the Nineteenth Judicial District Court Building Commission (a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Nineteenth Judicial District Court Building Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Nineteenth Judicial District Court Building Commission as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

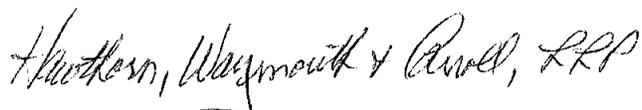
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Nineteenth Judicial District Building Commission's basic financial statements. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of Nineteenth Judicial District Court Building Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nineteenth Judicial District Court Building Commission's internal control over financial reporting and compliance.



December 27, 2017

**Nineteenth Judicial District Court Building Commission
Management's Discussion and Analysis
June 30, 2017**

Management's discussion and analysis of the Nineteenth Judicial District Court Building Commission ("the Commission") provides an overview of the Commission's activities for the years ended June 30, 2017 and 2016. Please read it in conjunction with the Commission's financial statements that begin on page 9.

Financial Highlights

Filing and recording fee revenue totaled approximately \$6.7 and \$6.4 million for the years ended June 30, 2017 and 2016, respectively.

For 2017 and 2016, bond holder interest and principal payments were approximately \$5.8 million.

The commission reported net position of \$7.5 million and \$8.8 million on June 30, 2017 and 2016, respectively. The decline in net position is primarily attributable to depreciation expense.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on pages 9 - 10 provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances. Fund Financial Statements on pages 11 - 14, tell how governmental activities were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's governmental funds.

Reporting on the Commission as a Whole

Our analysis of the Commission as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about the Commission as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

**Nineteenth Judicial District Court Building Commission
Management's Discussion and Analysis
June 30, 2017**

Government-Wide Financial Analysis

The following table reflects the condensed statement of net position for 2017, with comparative figures from 2016:

**Nineteenth Judicial District Court Building Commission
Condensed Statement of Net Position
Years Ended June 30, 2017 and 2016**

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets	\$101,027,115	\$103,492,606
Deferred Outflows of Resources	<u>4,832,611</u>	<u>5,034,672</u>
Liabilities	<u>98,398,322</u>	<u>99,677,389</u>
Net Position		
Invested in capital assets	(11,533,783)	(9,226,083)
Restricted	14,744,215	15,862,062
Unrestricted	<u>4,250,972</u>	<u>2,213,910</u>
Total net assets	<u>\$ 7,461,404</u>	<u>\$ 8,849,889</u>

The following table reflects the condensed statement of activities for 2017, with comparative figures from 2016:

**Nineteenth Judicial District Court Building Commission
Condensed Statement of Activities
Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Revenue		
Charges for services	\$ 6,719,020	\$ 6,384,564
General revenue	<u>382,059</u>	<u>191,073</u>
Total revenue	<u>7,101,079</u>	<u>6,575,637</u>
Expenses		
Judicial court operations	3,787,914	7,434,898
Interest and fiscal charges on long-term debt	<u>4,701,650</u>	<u>4,734,756</u>
Total expenses	<u>8,489,564</u>	<u>12,169,654</u>
Change in Net Position	(1,388,485)	(5,594,017)
Net Position, Beginning of Year	<u>8,849,889</u>	<u>14,443,906</u>
Net Position, End of Year	<u>\$ 7,461,404</u>	<u>\$ 8,849,889</u>

**Nineteenth Judicial District Court Building Commission
Management's Discussion and Analysis
June 30, 2017**

Financial Analysis of Governmental Funds

The combined ending fund balance for all governmental funds at June 30, 2017 was \$16,709,825 compared to \$15,654,023 in the prior year. The combined ending fund balance at June 30, 2017 was a net increase of \$1,055,802 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017, the Commission had approximately \$84.3 million invested in capital assets, including the courthouse building, computer equipment, and office equipment. The following table presents capital assets, net of accumulated depreciation, at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$84,178,398	\$87,697,979
Office equipment	43,921	62,547
Computer equipment and software	<u>33,898</u>	<u>23,391</u>
 Total capital assets, net	 <u>\$84,256,217</u>	 <u>\$87,783,917</u>

Debt Administration

The Commission had \$95,790,000 in outstanding bond principal due to its debt holders of the Series 2015 Revenue Bonds as of June 30, 2017.

Economic Factors and Next Year's Budgets and Rates

The Commission anticipates a stabilized revenue collection of approximately \$6.7 million for the year ended June 30, 2018.

Request for Information

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

Basic Financial Statements

Nineteenth Judicial District Court Building Commission
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,976,653
Receivable from other governments	413,951
Accrued interest receivable	1,851
Arbitrage refund receivable	194,383
Prepaid expenses	51,430
Restricted assets	
Cash and cash equivalents	14,132,630
Capital assets, net of accumulated depreciation	<u>84,256,217</u>
Total assets	<u>101,027,115</u>
 Deferred Outflows of Resources	
Debt refunding	<u>4,832,611</u>
 Liabilities	
Accounts payable	9,643
Interest payable to bondholders	380,692
Noncurrent liabilities	
Due within one year	1,309,917
Due in more than one year	<u>96,698,070</u>
Total liabilities	<u>98,398,322</u>
 Net Position	
Net investment in capital assets	(11,533,783)
Restricted for:	
Debt service	14,744,215
Unrestricted	<u>4,250,972</u>
Total net position	<u>\$ 7,461,404</u>

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

Nineteenth Judicial District Court Building Commission
Statement of Activities
Year Ended June 30, 2017

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net Revenue (Expense)</u>
Functions and Programs				
Judicial court operations	\$ 3,787,914	\$6,719,020	\$ -	\$ 2,931,106
Interest and fiscal charges on long-term debt	<u>4,701,650</u>	<u>-</u>	<u>-</u>	<u>(4,701,650)</u>
	<u>\$ 8,489,564</u>	<u>\$6,719,020</u>	<u>\$ -</u>	<u>(1,770,544)</u>
General Revenues				
Interest				152,093
Rent				8,200
Miscellaneous				<u>221,766</u>
Total general revenues				<u>382,059</u>
Change in net position				(1,388,485)
Net Position				
Beginning of year				<u>8,849,889</u>
End of year				<u>\$ 7,461,404</u>

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

Nineteenth Judicial District Court Building Commission
Balance Sheet
Governmental Funds
June 30, 2017

	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$1,976,653	\$ -	\$ 1,976,653
Receivable from other governments	-	413,951	413,951
Accrued interest receivable	-	1,851	1,851
Arbitrage refund receivable	-	194,383	194,383
Due from other funds	-	1,400	1,400
Restricted assets	<u>-</u>	<u>14,132,630</u>	<u>14,132,630</u>
 Total assets	 <u>\$1,976,653</u>	 <u>\$14,744,215</u>	 <u>\$16,720,868</u>
Liabilities			
Accounts payable	\$ 9,643	\$ -	\$ 9,643
Due to other funds	<u>1,400</u>	<u>-</u>	<u>1,400</u>
 Total liabilities	 <u>11,043</u>	 <u>-</u>	 <u>11,043</u>
Fund Balances			
Restricted fund balance	-	14,744,215	14,744,215
Unassigned fund balance	<u>1,965,610</u>	<u>-</u>	<u>1,965,610</u>
 Total fund balances	 <u>1,965,610</u>	 <u>14,744,215</u>	 <u>16,709,825</u>
 Total liabilities and fund balances	 <u>\$1,976,653</u>	 <u>\$14,744,215</u>	 <u>\$16,720,868</u>

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

**Nineteenth Judicial District Court Building Commission
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2017**

Total governmental fund balance		\$16,709,825
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.		
Depreciable capital assets	\$112,726,262	
Less: accumulated depreciation	<u>(28,470,045)</u>	84,256,217
Some expenditures reported in the funds benefit a future period and are not reported as governmental activities of the current period.		
Prepaid expenses		51,430
The deferred outflows of resources for expenditures related to the refinancing of bonds are not a use of current resources, and therefore not reported in the fund financial statements		
		4,832,611
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the governmental funds.		
Interest payable to bondholders	(380,692)	
Bonds payable	(95,790,000)	
Net deferred amount of premium	<u>(2,217,987)</u>	<u>(98,388,679)</u>
Net position of governmental activities		<u>\$ 7,461,404</u>

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

Nineteenth Judicial District Court Building Commission
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2017

	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Revenues			
Charges for services			
Civil court filing fees	\$ -	\$ 4,576,180	\$ 4,576,180
Recording fees	-	2,142,840	2,142,840
Rental income	8,200	-	8,200
Court fees	52,385	-	52,385
Other income	2,133	194,383	196,516
Investment earnings	<u>2,027</u>	<u>122,933</u>	<u>124,960</u>
 Total revenues	 <u>64,745</u>	 <u>7,036,336</u>	 <u>7,101,081</u>
Expenditures			
Building expenses	215,203	-	215,203
Capital outlay	41,776	-	41,776
Debt service	<u>-</u>	<u>5,788,300</u>	<u>5,788,300</u>
 Total expenditures	 <u>256,979</u>	 <u>5,788,300</u>	 <u>6,045,279</u>
 Net change in fund balances	 (192,234)	 1,248,036	 1,055,802
Fund Balances			
Beginning of year	<u>2,157,844</u>	<u>13,496,179</u>	<u>15,654,023</u>
End of year	<u>\$1,965,610</u>	<u>\$14,744,215</u>	<u>\$16,709,825</u>

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

**Nineteenth Judicial District Court Building Commission
Reconciliation of the Governmental Funds Statement
of Revenues, Expenditures and Changes in Fund
Balances to the Statement of Activities
Year Ended June 30, 2017**

Net change in fund balance - total governmental funds \$1,055,802

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

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

Expenditures for capital assets	\$ 41,776	
Less current year depreciation	<u>(3,569,476)</u>	(3,527,700)

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

Premium on debt issuance	64,917	
Principal payments	<u>1,220,000</u>	1,284,917

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

Amortization of deferred outflows of	(202,061)	
Change in accrued interest payable	<u>3,793</u>	(198,268)

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

Prepaid expenses		<u>(3,236)</u>
------------------	--	----------------

Change in net position of governmental activities \$(1,388,485)

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 1-Summary of Significant Accounting Policies

A. Nature of Operations

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

B. Financial Reporting Entity

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

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

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

C. Basis of Presentation

Government-wide Financial Statements

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

Fund Financial Statements

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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

E. Restricted Cash

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

F. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end which had not been received by year-end. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. There were no accounts considered to be uncollectible at June 30, 2017 and, therefore, no allowance for uncollectible accounts was recorded. Major receivable balances for governmental activities include amounts due from the Clerk of Court.

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

G. Revenues

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

H. Capital Assets

In the government-wide financial statements, capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

Depreciation on all assets is computed on the straight-line basis over the following estimated useful lives.

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

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

I. Expenditures

Expenditures are recognized when the related fund liability is incurred.

J. Interfund Transfers

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

K. Accounting Estimates

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

L. Net Position in the Government-wide Financial Statements

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

1. Net Investment in Capital Assets

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

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

2. Restricted Net Position

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

3. Unrestricted Net Position

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

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

M. Fund Balances

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

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

Designated portions of fund balances indicate tentative future spending plans, which may be changed, and are subject to subsequent authorization before expenditures can be made.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 2-Cash and Cash Equivalents

At June 30, 2017, the Commission had cash and cash equivalents (book balances) as follows:

Interest bearing and demand deposits	\$ 1,976,653
Money market accounts	<u>14,132,630</u>
	<u>\$ 16,109,283</u>

These amounts are reflected in the following line descriptions on the statement of net position:

Cash and cash equivalents	<u>\$ 1,976,653</u>
Restricted assets, cash and cash equivalents	<u>\$ 14,132,630</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Commission that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned. The Commission does not have a deposit policy for custodial credit risk. As of June 30, 2017, the Commission's bank balances were fully insured and collateralized with securities held in the name of the Commission by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

Note 3-Receivables from other Governments

Intergovernmental receivables due at June 30, 2017, are as follows:

Debt Service Fund	
East Baton Rouge Clerk of Court	<u>\$ 413,951</u>

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 4-Capital Assets

Capital asset activity for the year ended June 30, 2017, is as follows:

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Capital assets				
Buildings and improvements	\$ 107,628,256	\$ -	\$ -	\$ 107,628,256
Office equipment	522,302	21,940	-	544,242
Computer equipment	3,481,529	19,836	-	3,501,365
Furniture and fixtures	948,868	-	-	948,868
Kitchen equipment	103,531	-	-	103,531
	<u>112,684,486</u>	<u>41,776</u>	<u>-</u>	<u>112,726,262</u>
Total at historical cost				
Less accumulated depreciation				
Buildings and improvements	19,930,277	3,519,581	-	23,449,858
Office equipment	459,755	40,565	-	500,320
Computer equipment	3,458,138	9,330	-	3,467,468
Furniture and fixtures	948,868	-	-	948,868
Kitchen equipment	103,531	-	-	103,531
	<u>24,900,569</u>	<u>3,569,476</u>	<u>-</u>	<u>28,470,045</u>
Total accumulated depreciation				
Capital assets, net	<u>\$ 87,783,917</u>	<u>\$ (3,527,700)</u>	<u>\$ -</u>	<u>\$ 84,256,217</u>

Note 5-Long-Term Debt

Summary of Changes in Long-Term Debt

Following is a summary of changes in long-term debt for the year ended June 30, 2017:

	Balance June 30, 2016	Proceeds of Issuance	Adjustments/ Repayments/ Defeasance	Balance June 30, 2017	Due Within One Year
2015 Series Bonds	\$ 97,010,000	\$ -	\$ 1,220,000	\$ 95,790,000	\$ 1,245,000
Premium on 2015 Bonds	2,282,904	-	64,917	2,217,987	64,917
	<u>\$ 99,292,904</u>	<u>\$ -</u>	<u>\$ 1,284,917</u>	<u>\$ 98,007,987</u>	<u>\$ 1,309,917</u>
Total long-term debt					

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 5-Long-Term Debt (Continued)

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

Under an Indenture of Trust dated August 5, 2015, the Louisiana Public Facilities Authority (Authority) issued \$99,285,000 in bonds to finance the retirement of the Series 2007 Louisiana Public Facilities Authority Revenue Bonds.

The Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds dated August 5, 2015, were issued on August 27, 2015, in the amount of \$99,285,000. The bonds are payable over 36 years and bear interest from 2.00% to 5.25% as shown in the following schedule.

Bonds Maturing <u>June 1,</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
Serial Bonds:		
2018	\$1,245,000	5.000%
2019	1,310,000	5.000%
2020	1,375,000	5.000%
2021	1,440,000	5.000%
2022	1,515,000	3.250%
2023	1,565,000	3.375%
2024	1,615,000	3.500%
2025	1,670,000	3.750%
2026	1,735,000	3.875%
2027	1,800,000	4.000%
2028	1,875,000	4.000%

Bonds Maturing <u>June 1,</u>	Principal <u>Amount</u>	Interest <u>Rate</u>
Term Bonds:		
2030	\$ 3,975,000	4.000%
2036	14,340,000	5.000%
2042	19,215,000	5.000%
2047	20,710,000	4.500%
2051	20,405,000	5.250%

Under the indenture, the Commission is required to maintain certain reserves for the routine payment of interest and principal and for certain other contingencies outlined in the agreement. Additional information regarding the reserves is detailed below. The Commission is in compliance with all terms of the bond agreement including the maintenance of required reserves at June 30, 2017.

Bonds maturing June 1, 2026 and thereafter, totaling \$84,055,000, are subject to optional redemption in whole on any date or in part on any interest payment date at a redemption price equal to 100% of the par amount of bonds to be redeemed plus accrued interest thereon to the redemption date.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 5—Long-Term Debt (Continued)

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

The term bonds maturing June 1, 2030, totaling \$3,975,000, are subject to mandatory redemption and payment prior to maturity date, at par, on the following schedule:

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

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

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

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

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

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

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

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

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 5—Long-Term Debt (Continued)

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

The following is a summary of long-term debt at June 30, 2017, and interest requirements to maturity:

	<u>Principal Payable</u>	<u>Interest to Maturity</u>	<u>Total</u>
Series 2015 Louisiana Public Facilities Authority Revenue Refunding Bonds	<u>\$ 95,790,000</u>	<u>\$ 101,033,056</u>	<u>\$ 196,823,056</u>

The annual requirements to amortize outstanding debt principal and interest as of June 30, 2017 are as follows:

<u>Year Ending June 30,</u>	
2018	\$ 5,788,902
2019	5,791,652
2020	5,791,152
2021	5,787,402
2022	5,790,402
2023	5,791,164
2024	5,788,345
2025	5,786,820
2026	5,789,195
2027	5,786,964
2028	5,789,964
2029-2030	11,576,928
2031-2036	34,734,534
2037-2042	34,733,534
2043-2047	28,944,295
2048-2051	<u>23,151,803</u>
	<u>\$ 196,823,056</u>

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

Debt Service Fund

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

- a. Amounts on deposit in the interest account of the Debt Service Fund will be used solely to pay the interest on the bonds as it becomes due and payable, whether on an interest payment date, at maturity or upon acceleration. Amounts on deposit in the capitalized interest account of the debt service fund will be used solely to pay the interest on the bonds.

- b. Amounts on deposit in the principal account of the Debt Service Fund will be used solely to pay the principal of the bonds as it becomes due and payable, whether at maturity or upon acceleration in respect of principal of the bonds; and, if directed by the Commission, to effect the redemption of the bonds prior to their maturity in accordance with the redemption provisions of the indenture or with bond insurer consent the purchase of bonds prior to their maturity in the open market at a price not in excess of the principal amount thereof, premium, if any plus accrued interest on the bonds.

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 5-Long-Term Debt (Continued)

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

Debt Service Fund (Continued)

- c. Whenever and to the extent that amounts on deposit in the interest account or the principal account are insufficient to pay interest and principal, whether at maturity, by acceleration or in satisfaction of the mandatory sinking fund redemption requirements, the trustee shall transfer money from the debt service reserve fund and from the project fund, if necessary, and will notify the bond insurer immediately.

Debt Service Reserve Fund

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

Revenue Fund

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

Note 6-Concentrations of Credit Risk

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

Nineteenth Judicial District Court Building Commission
Notes to Financial Statements
June 30, 2017

Note 7-Subsequent Events

Subsequent events were evaluated through December 27, 2017, which is the date the financial statements were available to be issued. As a result, the Commission noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Nineteenth Judicial District Court Building Commission
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
Year Ended June 30, 2017**

Agency Head Name: Honorable Bonnie Jackson, Building Commission Chair

Purpose	Amount
Salary	\$ 0
Benefits - insurance	0
Benefits - retirement	0
Car allowance	0
Vehicle provided by agency	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



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
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 Commissioners
Nineteenth Judicial District Court Building Commission
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major funds of the Nineteenth Judicial District Court Building Commission (a component unit of the City of Baton Rouge, Parish of East Baton Rouge, Louisiana) as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2017.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nineteenth Judicial District Court Building Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Hawthorn, Wainwright & Powell, LLP".

December 27, 2017

**Nineteenth Judicial District Court Building Commission
Schedule of Current Year Findings and Responses
Year Ended June 30, 2017**

Findings - Financial Statement Audit

None.

**Nineteenth Judicial District Court Building Commission
Schedule of Prior Year Findings and Responses
Year Ended June 30, 2017**

Findings - Financial Statement Audit

None.

**Nineteenth Judicial District
Court Building Commission**

Agreed-Upon Procedures Report

June 30, 2017



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

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

We have performed the procedures enumerated below, which were agreed to by Nineteenth Judicial District Court Building Commission (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those control and compliance areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

We found that the entity does not have written budgeting policies and procedures.

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

We obtained the Entity's written purchasing policies and procedures. We found that these policies and procedures addressed all areas listed above with the exception of how vendors are added to the vendor list.

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

We obtained the Entity's written disbursements policies and procedures. We found that these policies and procedures addressed all areas listed above.

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

We obtained the Entity's written receipts policies and procedures. We found that these policies and procedures addressed all areas listed above

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

We found that the Entity does not have any employees and, therefore, does not have written payroll/personnel policies and procedures.

- 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

We obtained the Entity's written contracting policies and procedures. We found that these policies and procedures addressed all areas listed above

- 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 found that the Entity does not have any credit cards and, therefore, does not have written credit card policies and procedures.

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

We found that the Entity does not have written travel and expense reimbursement policies and procedures.

- 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. Note: Ethics requirements are not applicable to nonprofits.

We obtained the Entity's written ethics policies and procedures. We found that these policies and procedures addressed all areas listed above

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

We found that the Entity does not have written debt service policies and procedures.

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.

Management provided the requested information to us. We found that the Board met once during each of four months in the fiscal period. We found that the frequency with which the meetings were held was not dictated by enabling legislation, charter, or another equivalent document.

- 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 the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

We found that the Entity does not prepare budgets for its major funds – a capital projects fund and a debt service fund.

- 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.

We found that the minutes included non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Management provided the requested information to us.

- 4. Using the listing provided by management, select a minimum of five of the entity's bank accounts or one-third of the bank accounts on a three year rotating basis if more than 15 accounts. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;

Of five bank accounts tested, we found that bank reconciliations for all months in the fiscal period were prepared for one account. For the remainder of the bank accounts tested, we found that the bank reconciliations were prepared on an annual basis.

- 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; and

We found that the bank reconciliations do not include evidence that a member of management or board member with no involvement in the transactions associated with the bank account has reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We found no items 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.

Management provided the requested information to us.

6. Using the listing provided by management, select a minimum of five of the entity's cash collection locations or one-third of the collection locations on a three year rotating basis if more than 15 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.

Management provided the requested information to us. We found that individuals responsible for collecting cash are (1) bonded, (2) not responsible for depositing cash in the bank, recording the related transaction, or reconciling the related bank account, and (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 the entity 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.

Management provided the requested information to us. We found that the Entity has a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections.

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

We found that deposits were made within one day of collection.

- 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 found that daily cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) 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.

Management provided the requested information to us. We found that the Entity has a process specifically defined to determine completeness of all collections, including electronic transfers, for each revenue source by a person who is not responsible for collections.

Disbursements – General (excluding card purchases or payments)

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

Management provided the requested information to us.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity 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:
 - 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.

We found that the Entity’s written policies and procedures require purchase orders for all IT purchases and any non-recurring purchases exceeding \$1,000. Of 25 disbursements tested, we found that 18 transactions did not require purchase orders based on the Entity’s policies and procedures. We found that the remaining disbursements had the required purchase orders.

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

We found that the seven disbursements with purchase orders included evidence of approval by a person who did not initiate the purchase.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

We found that the disbursements tested were not processed without all applicable documentation.

10. Using entity 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.

We found that the person responsible for processing payments is not prohibited from adding vendors to the entity’s purchasing/disbursement system.

11. Using entity 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.

We found that persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

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 entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

We found that the supply of unused checks is maintained in a locked location. We also found that access is restricted to those persons that do not have signatory authority.

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.

Management asserted that no signature stamp or signature machine is used; therefore, this procedure was not performed.

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.

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

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:

- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this procedure was not performed.

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

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this procedure was not performed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this procedure was not performed.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity'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) and report any exceptions.

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this procedure was not performed.

- c) For each transaction, compare the entity'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.

Management asserted that the Entity does not have credit cards, bank debit cards, fuel cards, or P-cards; therefore, this procedure was not performed.

Travel 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.

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period.

18. Obtain the entity'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.

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period; therefore, this procedure was not performed.

19. Using the listing or general ledger from #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 (#18 above) and report each reimbursement that exceeded those rates.

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period; therefore, this procedure was not performed.

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period; therefore, this procedure was not performed.

- c) Compare the entity'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.

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period; therefore, this procedure was not performed.

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

Management asserted that the Entity did not have any travel or related expense reimbursements during the fiscal period; therefore, this procedure was not performed.

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.

Management provided the requested information to us. Management's listing only included three contracts for which payments were made during the fiscal period.

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.

We found that the three service arrangements tested were supported by formal/written contracts.

- 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:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

We found that none of the three service arrangements tested were subject to the Louisiana Public Bid Law or Procurement Code. Of the three service arrangements tested, we found that the Entity did not solicit quotes for a service arrangement pertaining to accounting services.

- 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.

We noted no amendments to the contracts tested.

- 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.

We found that the invoice and related payment complied with the terms and conditions of the contract for the three service arrangements tested.

- 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).

Of the three service arrangements tested, board approval was not documented for a service arrangement pertaining to accounting services.

Payroll and Personnel

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

- 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.

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

- 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.

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

- 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/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

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

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

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

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

- 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.

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

- 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.

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

Ethics

26. Using the five randomly selected employees/officials from procedure #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.

Management asserted that the Entity does not have any employees; therefore, this procedure was not performed.

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.

Management asserted that no alleged ethics violations were reported to the Entity during the fiscal period.

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.

We found that no debt was issued during the fiscal period; therefore, this procedure was not performed.

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.

We found that the Entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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.

We found that no tax millages relating to debt service exist; therefore, this procedure was not performed.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management asserted that the Entity is not aware of any misappropriations of public funds or assets.

32. Observe and report whether the entity 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.

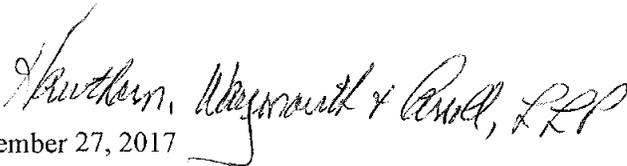
We found that the referenced notice was posted on the Entity's premises and on its website.

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 neither observed nor identified any exceptions regarding management's representations in the procedures above.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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


December 27, 2017