

Financial Report

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

December 31, 2013

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Judicial Court Building Commission*

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Judicial Court Building Commission
New Orleans, Louisiana**

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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, 2013, 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Civil District Court Parish of Orleans Judicial Court Building Commission as of December 31, 2013, 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 24 and 25, 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 audits 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report, dated June 11, 2014, 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 11, 2014.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

December 31, 2013

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 for the year ended December 31, 2013. 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 at the close of fiscal year 2013 by \$3,159,972 (net position), which represents approximately an 83% increase from last fiscal year. \$2,931,739 of the \$3,159,972 is restricted for capital expenditures and none of which is unrestricted. \$228,233 of the \$3,159,972 is invested in capital assets.

JCBC's total assets increased \$1,538,059 (or 86%). The increase was due to increasing the net position by \$1,428,762.

JCBC's revenues increased \$80,957 (or 5%). The increase was due to the collection of First City Court filing fees, which went into effect in May 2013.

JCBC's expenses increased \$112,278 (or 907%). The increase was due to Courthouse feasibility studies of approximately \$90,000.

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 expense 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 Project Fund

The Capital Project 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

	<u>December 31,</u>		<u>Dollar</u>
	<u>2013</u>	<u>2012</u>	<u>Change</u>
Assets	<u>\$ 3,318,904</u>	<u>\$ 1,780,845</u>	<u>\$ 1,538,059</u>
Liabilities	<u>158,932</u>	<u>49,635</u>	<u>109,297</u>
Net Position:			
Invested in capital assets	228,233	132,233	96,000
Restricted	<u>2,931,739</u>	<u>1,598,977</u>	<u>1,332,762</u>
Total net assets	<u>\$ 3,159,972</u>	<u>\$ 1,731,210</u>	<u>\$ 1,428,762</u>

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

Condensed Statements of Activities

	<u>December 31,</u>		<u>Dollar</u>	<u>Total</u>
	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percentage</u>
				<u>Change</u>
Revenues:				
Building fees collected	<u>\$ 1,553,414</u>	<u>\$ 1,472,457</u>	<u>\$ 80,957</u>	5%
Expenses:				
Planning services	<u>124,652</u>	<u>12,374</u>	<u>112,278</u>	907%
Increase in net position	1,428,762	1,460,083	(31,321)	-2%
Net position beginning of year	<u>1,731,210</u>	<u>271,127</u>	<u>1,460,083</u>	539%
Ending net position	<u>\$ 3,159,972</u>	<u>\$ 1,731,210</u>	<u>\$ 1,428,762</u>	83%

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 the end of the current year, JCBC's governmental fund, the Capital Project's Fund, reported an ending fund balance of \$2,931,739, an increase of \$1,332,762 in comparison with the prior year.

Capital Projects Fund Budgetary Highlights

The budget was not amended during the year.

Revenues

- Building fees collected estimated to be approximately \$19,000 less than prior year balance of \$1,472,457. The budgeted revenue was based upon the similar volume for 2013.
- Interest income estimated to be \$10,000 for the year, which was based on prior year earnings.

Expenditures

- Planning and administrative services approximate prior year balance of \$12,374 plus \$9,000 of miscellaneous expenses.
- Capital outlay budget equals twelve monthly payments of \$8,000 for contracted consulting fees.
- Professional fees of \$54,000 estimated for feasibility studies.

CAPITAL ASSETS

JCBC's investment in capital assets for its governmental activities as of December 31, 2013, totaled \$228,233. This investment in capital assets includes professional fees and management consulting fees for the planning and design services for the new court house. The total cost of the courthouse will be depreciated over its useful life when it is put in service.

CAPITAL ASSETS (Continued)

	<u>2013</u>	<u>2012</u>
Courthouse costs	<u>\$ 228,233</u>	<u>\$ 132,233</u>

Additional information on JCBC's capital assets can be found in the 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.
- 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 would decrease in 2014 as certain 2013 courthouse cost activity is not expected to occur in 2014 such as feasibility studies and other professional fees.

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.

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

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

December 31, 2013

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 2,853,677		\$ 2,853,677
Accounts receivable	236,994		236,994
Capital assets, net of accumulated depreciation	-	\$ 228,233	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,090,671</u>	<u>\$ 228,233</u>	<u>\$ 3,318,904</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 158,932		\$ 158,932
	<u> </u>		<u> </u>
Fund Balance/Net Position			
Fund balance:			
Restricted	<u>2,931,739</u>	<u>\$ (2,931,739)</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 3,090,671</u>	<u>(2,931,739)</u>	<u>158,932</u>
	<u> </u>	<u> </u>	<u> </u>
Net position:			
Net invested in capital assets		228,233	228,233
Restricted		<u>2,931,739</u>	<u>2,931,739</u>
		<u> </u>	<u> </u>
Total net position		<u>\$ 3,159,972</u>	<u>\$ 3,159,972</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, 2013

Fund Balance - Governmental Fund	\$ 2,931,739
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p style="padding-left: 40px;">Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.</p>	
Governmental capital assets	<u>228,233</u>
Net Position of Governmental Activities	<u><u>\$ 3,159,972</u></u>

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, 2013

	<u>Capital Projects Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Building fees collected	\$ 1,521,862		\$ 1,521,862
Interest income	31,552		31,552
Total revenues	<u>1,553,414</u>		<u>1,553,414</u>
Expenditures			
Planning and administrative services	14,983		14,983
Professional fees	109,669		109,669
Capital outlay	96,000	\$ (96,000)	-
Total expenditures/expenses	<u>220,652</u>	<u>(96,000)</u>	<u>124,652</u>
Excess of Revenues Over Expenditures	1,332,762	(1,332,762)	-
Change in Net Position	<u>-</u>	<u>1,428,762</u>	<u>1,428,762</u>
	1,332,762	96,000	1,428,762
Fund Balance/Net Position			
Beginning of year	<u>1,598,977</u>	<u>132,233</u>	<u>1,731,210</u>
End of year	<u>\$ 2,931,739</u>	<u>\$ 228,233</u>	<u>\$ 3,159,972</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, 2013

Net Change in Fund Balance - Governmental Fund	\$ 1,332,762
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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.

96,000

Change in Net Position of Governmental Activities	<u><u>\$ 1,428,762</u></u>
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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, 2013

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 courthouse construction fund held by JCBC's fiscal agent. 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, 2015 (extended by House Bill 916 from August 15, 2014 to August 15, 2015), 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 ("GAAP") 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

Governmental Accounting Standards Board Statement No. 14, as subsequently amended by GASB 39, The Financial Reporting Entity, established standards for defining and reporting on the financial entity. GASB 14 indicates 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 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 Project Fund

The Capital Project 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. 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.

Amounts receivables are included in the financial statements if they are both measurable and available. Revenues are recorded when earned only if paid within sixty days since they would be considered measurable and available.

Revenues - substantially all government fund revenues are accrued. Revenues include civil filing and recording fees imposed to finance the construction and related planning costs of the new courthouse.

Expenditures - expenditures are recognized when the related fund liability is incurred.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

f) Stewardship, Compliance, and Accountability

Expenditures Exceeding Budget

The Capital Projects Fund had actual expenditures exceeding appropriations:

	Budget	Actual	Unfavorable Variance
Capital Projects Fund	\$ 171,425	\$ 220,652	\$ 49,227

These excess expenditures were funded by available fund balance.

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.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

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.

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, 2013.

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, 2013.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Equity Classifications (Continued)

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, 2013.

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, 2013.

Unassigned - all other spendable amounts. There was no unassigned equity as of December 31, 2013.

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 Pronouncements

During the year ended December 31, 2013, JCBC implemented the following GASB statements:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an Amendment Of GASB Statements No. 14 And No. 34*. This statement modifies existing requirements for inclusion of component units in the financial reporting entity. This statement did not affect JCBC's financial statements.

Note 3 - CASH

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

The year-end bank balance is as follows:

	Bank Balances	Reported Amount
Cash	<u>\$2,866,839</u>	<u>\$2,853,677</u>

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, 2013, JCBC's bank balance of \$2,866,839 was in excess of the federal deposit limit by \$2,616,839.

As of December 31, 2013, 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 Governmental Accounting Standards Board, which promulgates the standards for accounting and financial reporting for state and local governments, 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 - AMOUNTS RECEIVABLE

As of December 31, 2013, amounts receivable of \$236,994 consisted of funds collected on behalf of JCBC and due from the Judicial Expense Fund.

Note 5 - AMOUNTS PAYABLE

As of December 31, 2013, amounts payable of \$158,932 consisted of amounts payable to vendors for services rendered.

Note 6 - CHANGES IN CAPITAL ASSETS

	Balance January 1, 2013	Additions	Dispositions	Balance December 31, 2013
Capital assets:				
Courthouse costs and equipment	\$ 132,233	\$ 96,000	\$ -	\$ 228,233
Less accumulated depreciation for:				
Courthouse costs and equipment	-	-	-	-
Total capital assets, net	\$ 132,233	\$ 96,000	\$ -	\$ 228,233

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 ASSETS

As of December 31, 2013, restricted net assets consisted of funds for the design, planning, feasibility, acquisition, construction, equipping, operating, and maintaining a new court house facility.

Note 10 - PER DIEM TO COMMISSIONER

For the year ended December 31, 2013, none of the Commissioners received per diem in their respective capacity as commissioners.

Note 11 - SUBSEQUENT EVENTS

JCBC evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 11, 2014, which is the date the financial statements were available to be issued.

Note 12 - EXPENDITURES NOT INCLUDED IN THE ACCOMPANYING FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Building fees collected	\$ 1,453,165	\$ 1,453,165	\$ 1,521,862	\$ 68,697
Interest income	10,000	10,000	31,552	21,552
Total revenues	1,463,165	1,463,165	1,553,414	90,249
Expenditures				
Planning and administrative services	21,425	21,425	14,983	6,442
Professional fees	54,000	54,000	109,669	(55,669)
Capital outlay	96,000	96,000	96,000	-
Total expenses	171,425	171,425	220,652	(49,227)
Excess of Revenues Over Expenditures	1,291,740	1,291,740	1,332,762	41,022
Fund Balance				
Beginning of year	1,598,977	1,598,977	1,598,977	-
End of year	<u>\$ 2,890,717</u>	<u>\$ 2,890,717</u>	<u>\$ 2,931,739</u>	<u>\$ 41,022</u>

See notes to financial statements.

**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, 2013

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

Budgetary Information

JCBC adopted a budget for its Governmental Fund for the year ended December 31, 2013 and it was made available for public inspection at JCBC's office on November 19, 2012. The proposed budget was prepared on the accrual basis of accounting, and was published in the official journal on November 4, 2012. The budget hearing was held at JCBC's office on December 4, 2012. The budget is legally adopted and amended, as necessary, by JCBC. The budget for the year ended December 31, 2013 was not amended. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

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

SPECIAL REPORT 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, 2013, and the related notes to the financial statements which collectively comprise the Civil District Court Parish of Orleans Judicial Court Building Commission's basic financial statements, and have issued our report thereon dated June 11, 2014.

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.

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. However, as described in the accompanying Schedule of Findings and Responses, we identified a deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as 13-01 to be a material weakness.

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. We did not identify any deficiencies in internal control that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standard and which are described in the accompanying Schedule of Findings and Responses as item 13-01.

JCBC's Response to Findings

JCBC's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. JCBC's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JCBC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 11, 2014.

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

13-01 Compliance with State Budget Laws (Continued)

Cause - JCBC's budget was not amended to reflect additional costs for professional fees.

Effect - JCBC was not in compliance with Louisiana Revised Statute 39:1311.

Recommendation - We recommend that JCBC comply with the State budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than 5%.

Views of responsible officials of the auditee when there is a disagreement with the finding, to the extent practical - None.

Compliance and Other Matters

Finding 13-01 was also considered a compliance finding.

Section III - Internal Control and Compliance Material to Federal Awards

Not applicable.

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, 2013

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 year ended December 31, 2012 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, 2012 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, 2012.

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, 2012.

MANAGEMENT'S CORRECTIVE ACTION PLAN

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

For the year ended December 31, 2013

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

Internal Control Over Financial Reporting

13-01 Compliance with State Budget Laws

Recommendation - We recommend that JCBC comply with the State budget laws by amending its budget to ensure that actual revenues and expenditures do not create an unfavorable variance as compared to budgeted revenue and expenditures by greater than 5%.

Management's Corrective Action - JCBC will amend its budget accordingly to ensure actual revenues and expenditures do not create an unfavorable balance as compared to budgeted revenue and expenditures by greater than 5% in order to comply with Louisiana Revised Statute 39:1311.

Compliance and Other Matters

Finding 13-01 was also considered a compliance finding.

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, 2013.

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, 2013.