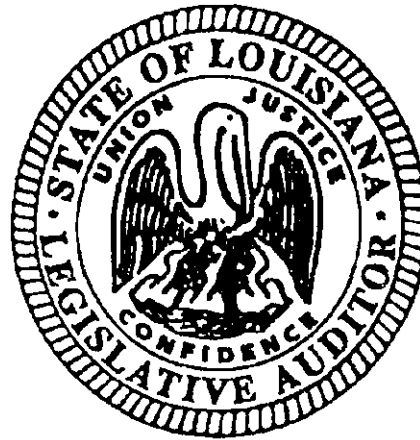


STATE OF LOUISIANA LEGISLATIVE AUDITOR

2/11/96
5-38

Supreme Court of Louisiana
State of Louisiana
New Orleans, Louisiana

May 22, 1996



Financial and Compliance Audit Division

***Daniel G. Kyle, Ph.D., CPA, CFE
Legislative Auditor***

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1995
With Supplemental Information Schedules**

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and New Orleans offices of the Legislative Auditor.

May 22, 1996

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Daniel G. Kyle, Ph.D., CPA, CFE

DIRECTOR OF FINANCIAL AND COMPLIANCE AUDIT

Albert J. Robinson, Jr., CPA

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana**

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1995
With Supplemental Information Schedules**

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DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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March 6, 1996

Independent Auditor's Report
on the Financial Statements

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, the judicial branch of government within Louisiana state government, as of and for the year ended June 30, 1995, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Supreme Court of Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Act 38 of the 1994 Regular Session of the Louisiana Legislature provided various state appropriations to units of the judicial branch of government. The accompanying special purpose financial statements include these state appropriations, except for those appropriations that are not under the control of the Supreme Court of Louisiana as provided in note 1, which are subject to separate audits.

The accompanying special purpose financial statements present only the funds of the Supreme Court of Louisiana. The appropriated funds reflect appropriated activities of the Supreme Court of Louisiana that are part of the General Fund and special revenue funds of the State of Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation acts for the appropriated funds and the financial position of the non-appropriated funds. These procedures differ from generally accepted accounting principles as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and

LEGISLATIVE AUDITOR

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Audit Report, June 30, 1995

do not present financial position and results of operations in conformity with generally accepted accounting principles.

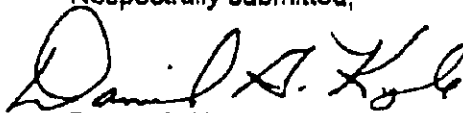
In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Supreme Court of Louisiana at June 30, 1995, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

We have also issued separate reports dated March 6, 1996, on internal control structure and compliance with laws and regulations as required by *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was made for the purpose of forming an opinion on the accompanying special purpose financial statements of the Supreme Court of Louisiana. The accompanying supplemental information schedules are presented for the purpose of additional analysis and have been subjected to the procedures applied in the audit of the financial statements and, in our opinion, are stated fairly in all material respects in relation to the financial statements taken as a whole.

In accordance with Louisiana Revised Statute 24:516, our report is intended for the information and use of the court and its management and should be used solely as intended by the foregoing statute. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

SAZ:LWM:dj

199607

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

Balance Sheet, June 30, 1995

	APPROPRIATED FUNDS			
	GENERAL APPROPRIATION	INDIGENT DEFENDER BOARD	JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND
ASSETS				
Cash and cash equivalents (note 2)	\$4,828,147	\$820,436	\$232,522	\$38,562
Investments (note 3)	1,525,472	303,568	76,721	12,068
Receivables	481,703			
TOTAL ASSETS	\$6,815,322	\$1,224,004	\$309,343	\$48,520
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$830,550			
Payroll deductions payable	70,004			
Due to State Treasury	2,175,768			
Total Liabilities	3,076,322	NONE	NONE	NONE
Fund equity - fund balance - reserves (note 12)	3,539,000	\$1,224,004	\$309,343	\$48,520
TOTAL LIABILITIES AND FUND EQUITY	\$6,815,322	\$1,224,004	\$309,343	\$48,520

The accompanying notes are an integral part of this statement.

Statement A

NON- APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
\$630,803	\$5,448,570
82,181	2,000,000
9,445	471,148
<u>\$722,429</u>	<u>\$8,919,718</u>
\$5,257	\$835,817
00	70,070
	<u>2,175,788</u>
5,333	3,081,855
<u>717,096</u>	<u>5,838,063</u>
<u>\$722,429</u>	<u>\$8,919,718</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 1995**

	<u>APPROPRIATED</u>		
	<u>GENERAL APPROPRIATION</u>	<u>INDIGENT DEFENDER BOARD</u>	<u>PATIENTS' COMPENSATION FUND</u>
REVENUES			
Appropriated by legislature:			
State General Fund	\$57,598,133	\$5,000,000	
State special revenue funds			\$10,000
Fees and self-generated revenues	367,364		
Non-appropriated revenues			
Total revenues	<u>57,965,517</u>	<u>5,000,000</u>	<u>10,000</u>
EXPENDITURES			
Personal services	36,163,181	107,931	
Travel	904,791	23,811	
Operating supplies and services	1,381,091	20,039	
Professional services	286,467	10,149	
Other charges	726,960	3,614,066	
Non-appropriated expenditures			
Total expenditures	<u>39,484,510</u>	<u>3,775,996</u>	<u>NONE</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>18,521,007</u>	<u>1,224,004</u>	<u>10,000</u>
OTHER FINANCING SOURCES (Uses)			
Operating transfers in (note 5)			
Operating transfers out (note 5)	(59,473)		(10,000)
Transfers to other entities (note 6)	(16,907,366)		
Funds returnable to the state (note 7)	(2,175,768)		
Total other financing sources (uses)	<u>(19,142,607)</u>	<u>NONE</u>	<u>(10,000)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	(521,600)	1,224,004	NONE
FUND BALANCES AT BEGINNING OF YEAR (Restated) (note 13)			
	<u>4,160,600</u>	<u>NONE</u>	<u>NONE</u>
FUND BALANCES AT END OF YEAR			
	<u>\$3,539,000</u>	<u>\$1,224,004</u>	<u>NONE</u>

The accompanying notes are an integral part of this statement.

Statement B

FUNDS			
JUDGES' SUPPLEMENTAL COMPENSATION FUND	TRIAL COURT CASE MANAGEMENT INFORMATION SYSTEM FUND	NON-APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
			\$32,508,133
\$3,100,000	\$305,000		3,415,000
8,743			306,124
		\$522,732	522,732
<u>3,108,743</u>	<u>305,000</u>	<u>522,732</u>	<u>66,931,969</u>
2,890,491	132,039		39,293,642
	21,620		950,222
	40,772		1,441,902
	50,409		347,025
	18,615		4,361,661
		523,000	523,000
<u>2,890,491</u>	<u>263,455</u>	<u>523,000</u>	<u>46,917,452</u>
218,249	41,545	(268)	20,014,537
		69,473	69,473
			(69,473)
			(16,907,366)
			(2,175,768)
<u>NONE</u>	<u>NONE</u>	<u>69,473</u>	<u>(19,063,134)</u>
218,249	41,545	69,205	631,403
91,094	7,075	647,891	4,906,660
<u>\$309,343</u>	<u>\$48,620</u>	<u>\$717,096</u>	<u>\$5,838,063</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis)
For the Year Ended June 30, 1995**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Appropriated by legislature - state General Fund:			
Supreme Court:			
Salaries - Chief Justice and 7 associate justices	\$680,000	\$680,000	
Supreme Court Proper - staff and other expenses and salary of court crier	3,898,272	3,898,272	
Judicial Council	1,085,683	1,085,683	
Judiciary Commission	186,281	186,281	
Court reporters	169,225	169,225	
Dues - National Center for State Courts	85,200	85,200	
Committee on Professional Ethics	3,000	3,000	
Retired judges - salaries and expenditures	300,000	384,563	\$84,563
Law Library of Louisiana	883,575	883,575	
Transferred judges - salaries and expenditures	120,000	120,000	
Retirement benefits to justices and judges - all courts	2,701,184	2,701,184	
Retirement benefits to widows of justices and judges - all courts	883,848	929,991	46,143
Cost-of-living adjustment to pensions for widows and retirement pay for justices and judges paid under the non-contributory retirement system	412,070	412,070	
Judicial College	98,238	98,238	
Employer contribution to retirement system	2,672,857	2,672,857	
Civil commitment matters	85,000	51,477	(33,523)
Cost-of-living adjustment for state workers	417,188	417,188	
Courts of Appeal - salaries of 54 judges	4,320,000	4,320,000	
First Circuit operation and maintenance	4,213,917	4,213,917	
First Circuit - staff and operations for two retired judges	236,069	236,069	
Second Circuit operation and maintenance	2,284,997	2,284,997	
Third Circuit operation and maintenance	3,300,314	3,300,314	
Fourth Circuit operation and maintenance	3,483,431	3,483,431	
Fifth Circuit operation and maintenance	2,325,786	2,325,786	

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 1995**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES (CONT.)			
Appropriated by legislature - state General Fund: (Cont.)			
District courts:			
Salaries of 169 Judges	\$12,675,000	\$12,675,000	
District judges - office and travel expenses	1,142,600	1,142,600	
Orleans Parish Civil District Court salaries of:			
14 judges	1,050,000	1,050,000	
Stenographers and clerk's and other judges' expenses	70,000	70,000	
Twentieth Judicial District Court reporter - salary and retirement contribution	44,760	44,760	
Clerk of Orleans Parish Civil District Court	10,000	10,000	
Employer contribution to group, worker's compensation, general liability, and property insurance	1,398,122	1,237,587	(\$160,535)
Commissioners of the Fifteenth and Nineteenth Judicial Districts - salaries	249,564	249,564	
Office expenses - Nineteenth Judicial District	213,558	213,558	
Office expenses - Fifteenth Judicial District	144,188	144,188	
Law clerk of the Twentieth Judicial District	25,800	25,800	
Orleans Parish Criminal Court:			
Salaries of 11 district judges	825,000	825,000	
Office expenses and employer contribution to group insurance	148,972	148,972	
Salaries of 13 minute clerks	205,283	205,283	
Salaries of 22 court reporters	274,516	274,516	
Salaries and related benefits of 4 commissioners	190,087	190,087	
Office expenses of commissioners	10,000	10,000	
Salaries of commissioners' minute clerks	52,652	52,652	
Salaries of commissioners' court reporters	39,692	39,692	
Judicial Administrator and 7 assistants - salaries and related benefits	250,527	250,527	
Salaries of 8 law clerks	187,050	187,050	
Salaries of 4 secretaries	88,271	88,271	
Sanity Commissions	129,668	129,668	

(Continued)

The accompanying notes are an integral part of this statement.

Statement C

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 1995**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES (CONT.)			
Appropriated by legislature - state General Fund: (Cont.)			
Board of Jury Commissioners	\$166,333	\$166,333	
Other courts - salaries and related benefits:			
Salaries of 61 City Court judges	1,496,053	1,496,053	
Juvenile Court - salaries of 12 judges	600,000	663,352	63,352
Salaries of 4 family, 4 municipal, and 4 traffic court judges and one parish court judge	534,345	534,345	
Juvenile and family courts - office expenses	89,600	89,600	
Orleans Parish Juvenile Protective Care Monitoring Program	122,391	122,391	
Louisiana Indigent Defender Board	5,000,000	5,000,000	
Other - interest earnings	396,124	396,124	
Appropriated by legislature - State Special Revenue and Statutory Dedicated Funds:			
Clerk of Louisiana Supreme Court for selection of attorney chairman of Medical Review Panel - to be paid from Patient Compensation Fund	10,000	10,000	
Judges' Supplemental Compensation Fund	3,100,000	3,100,000	
Trial Court Case Management Fund	305,000	305,000	
Total appropriated revenues	<u>66,409,257</u>	<u>66,409,257</u>	NONE
EXPENDITURES			
Supreme Court:			
Salaries - Chief Justice and 7 associate justices	680,000	689,079	10,921
Supreme Court Proper - staff and other expenses and salary of court crier	3,896,272	3,733,479	162,793
Judicial Council	1,095,663	1,085,993	9,690
Judiciary Commission	186,281	186,281	
Court reporters	189,225	135,639	33,586
Dues - National Center for State Courts	95,200	95,200	
Committee on Professional Ethics	3,000		3,000
Retired judges - salaries and expenditures	300,000	384,563	(84,563)
Law Library of Louisiana	853,575	907,063	(23,488)

(Continued)

The accompanying notes are an integral part of this statement.

SUPREME COURT OF LOUISIANA
 STATE OF LOUISIANA
 APPROPRIATED FUNDS
 Statement of Revenues, Expenditures,
 and Unexpended Appropriation -
 Budget Comparison of Current-Year
 Appropriation - Budget (Legal Basis), 1995

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES (CONT.)			
Supreme Court (Cont.)			
Transferred judges - salaries and expenditures	\$120,000	\$120,000	
Retirement benefits to justices and judges - all courts	2,701,164	2,616,772	\$84,392
Retirement benefits to widows of justices and judges - all courts	883,848	929,991	(46,143)
Cost-of-living adjustment to pensions for widows and retirement pay for justices and judges paid under the non-contributory retirement system	412,070	412,070	
Judicial College	98,238	98,238	
Employer contribution to retirement system	2,672,857	2,052,773	620,084
Civil commitment matters	85,000	51,477	33,523
Cost-of-living adjustment for state workers	417,186	148,456	268,730
Courts of appeal - salaries of 54 judges	4,320,000	4,315,532	4,468
First Circuit operation and maintenance	4,213,917		4,213,917
First Circuit - staff and operations for two retired judges	236,069		236,069
Second Circuit operation and maintenance	2,284,997		2,284,997
Third Circuit operation and maintenance	3,300,314		3,300,314
Fourth Circuit operation and maintenance	3,483,431		3,483,431
Fifth Circuit operation and maintenance	2,325,786		2,325,786
District Courts:			
Salaries of 169 judges	12,675,000	12,616,467	58,533
District judges - office and travel expenses	1,142,600	1,004,751	137,849
Orleans Parish Civil District Courts - salaries of 14 judges	1,050,000	1,050,000	
Stenographers and clerks and other judges' expenses	70,000	70,000	
Twentieth Judicial District court reporter - salary and retirement contribution	44,780	42,271	2,489
Clerk of Orleans Parish Civil District Court	10,000	10,000	
Employer contribution to group, worker's compensation, general liability, and property insurance	1,398,122	1,043,229	354,893
Commissioners of Fifteenth and Nineteenth Judicial Districts - salaries	249,564	249,562	2

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 1993**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
EXPENDITURES (CONT.)			
District Courts (Cont.)			
Office expenses - Nineteenth Judicial District	\$213,558		\$213,558
Office expenses - Fifteenth Judicial District	144,168		144,168
Law clerk of the Twentieth Judicial District	25,800	25,800	
Orleans Parish Criminal Court:			
Salaries of 11 district judges	825,000	825,000	
Office expenses and employer contribution to group insurance	148,672	144,240	4,732
Salaries of 13 minute clerks	205,283	205,284	(1)
Salaries of 22 court reporters	274,518	272,008	2,510
Salaries and related benefits of 4 commissioners	190,087	185,022	4,075
Office expenses of commissioners	10,000	9,910	90
Salaries of commissioners' minute clerks	52,852	52,852	
Salaries of commissioners' court reporters	38,662	38,662	
Judicial Administrator and 7 assistants - salaries and related benefits	250,527	242,907	8,220
Salaries of 8 law clerks	187,050	182,535	4,515
Salaries of 4 secretaries	88,271	79,941	8,330
Sentry Commissions	128,666		128,666
Board of Jury Commissioners	186,333		186,333
Other courts - salaries and related benefits:			
Salaries of 61 city court judges	1,486,053	1,464,535	31,518
Juvenile Court - salaries of 12 judges	900,000	963,353	(63,353)
Salaries of 4 family, 4 municipal, and 4 traffic court judges and one parish court judge	534,345	534,345	
Juvenile and family courts - office expenses	89,600	85,879	3,721
Orleans Parish Juvenile Protective Care Monitoring Program	122,391	122,123	268
Louisiana Indigent Defender Board	5,000,000	3,775,996	1,224,004
Other - interest earnings	396,124		396,124
Appropriated by legislature - State Special Revenue and Statutory Dedicated Funds:			
Clerk of Louisiana Supreme Court for selection of attorney chairman of Medical Review Panel - to be paid from Patient Compensation Fund	10,000		10,000
Judges' Supplemental Compensation Fund	3,100,000	2,890,491	209,509
Trial Court Case Management Fund	305,000	263,455	41,545
Total appropriated expenditures	<u>66,409,257</u>	<u>48,394,452</u>	<u>20,014,805</u>

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis), 1995**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR	NONE	\$20,014,805	\$20,014,805

(Concluded)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA**

**Notes to the Financial Statements
As of and for the Year Ended June 30, 1995**

INTRODUCTION

The Supreme Court of Louisiana is a part of the State of Louisiana reporting entity within the judicial branch of government. As provided by Article V of the Louisiana Constitution of 1974, the judicial power of government of the state is vested in a supreme court, courts of appeal, district courts, and other courts. The Supreme Court of Louisiana exercises an appellate function as the highest court in the state, has general supervisory jurisdiction over all other courts, and in certain instances, is the court of original jurisdiction. All judges of the various courts are elected to serve terms ranging from six to ten years, depending upon their court of jurisdiction. The Supreme Court of Louisiana, comprised of the Chief Justice and seven Associate Justices, is empowered by Louisiana Revised Statutes (LSA-R.S.) 13:10, 13:121, and 25:91-95 to appoint a judicial administrator, its clerk, and other personnel, and to control the Law Library of Louisiana.

The court's operations are funded through annual appropriations made by the Louisiana Legislature from the state's General Fund and from statutory dedications from the state's Patients' Compensation, Judges' Supplemental Compensation, and Trial Court Case Management Information Special Revenue Funds. The court's operations are further funded through self-generated revenues authorized by LSA-R.S. 13:126, which include fees for appeals, applications for writs, motions filed on unlogged appeals, answers to appeals, and through fees for copies, seminars, and other services. The state's Judges' Supplemental Compensation Special Revenue Fund is funded by an additional fee of \$14 charged by the various courts in the state in compliance with Act 63 of the 1985 Session of the Louisiana Legislature. The state's Trial Court Case Management Information Special Revenue Fund is funded by a special court cost of \$1 on all traffic and criminal convictions in the state as mandated by Act 152 of the 1993 Session of the Louisiana Legislature. The total amount collected in connection with these two funds are collected by the Clerk of the Supreme Court and various lower courts and remitted to the state treasurer through the Judicial Administrator's Office of the Supreme Court of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards for state and local governmental entities. These principles are found in the Codification of Governmental Accounting and Financial Reporting Standards published by the GASB. However, the accompanying financial statements have been prepared on a legal basis, which differs from generally accepted accounting principles as explained in the following notes.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The accompanying financial statements represent activity of the Supreme Court within the judicial branch of state government and, therefore, are a part of the fund and account group structure of the State of Louisiana and its general purpose financial statements. Annually, the State of Louisiana issues general purpose financial statements, which include the activity contained in the Appropriated Funds of the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

The financial activities of the court are organized on a fund basis whereby separate, self-balancing sets of accounts are maintained to account for authorized or appropriated activities. Therefore, although the accompanying special purpose financial statements of the court contain sub-account information of the various funds of the State of Louisiana, they only present information as to the transactions of the court as authorized by Louisiana statutes, administrative regulations, and rules of the Supreme Court of Louisiana and the Judicial Budgetary Control Board. As such, they are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

The operations of the Supreme Court of Louisiana are separated into four major offices as follows:

- The Judicial Administrator's Office is responsible for all appropriated and non-appropriated funds of the court, except those self-generated fees collected and accounted for by the Clerk of the Supreme Court, the Louisiana Law Library, and the Judicial College. Furthermore, the Judicial Administrator's Office provides a central payroll system for the payment of salaries to all state, district, and certain city court judges, as well as minute clerks, court reporters, et cetera. This office also pays certain expenses of the various courts throughout the state.
- The Office of the Clerk of the Supreme Court is responsible for collecting and accounting for the receipt and expenditure of filing fees and other self-generated revenues as provided by LSA-R.S. 13:124. These are funds not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Law Library is responsible for collecting and accounting for proceeds from the sale of acts of the Louisiana Legislature and receipts from the copying of legal documents and the use of Westlaw and LEXIS computer terminals. These revenues are used to purchase books and cover cost relating to copy and computer equipment located

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

In the library. These funds are not appropriated or accounted for by the Judicial Administrator.

The Louisiana Judicial College is responsible for collecting and accounting for seminar registration fees. These fees are used to conduct seminars for the education of Louisiana judges.

Certain appropriations made to units of the judicial branch under Act 38 of 1994 - Special Acts Judiciary are not administered by the Supreme Court of Louisiana and, therefore, are shown as transfers to other entities in the accompanying financial statements. These units are subject to separate audit and are listed as follows:

<u>Schedule Number</u>	<u>Appropriation</u>
03-8170-05	Committee on Professional Ethics and Grievances
03-8171-04	First Circuit Court of Appeal
03-8171-05	Second Circuit Court of Appeal
03-8171-06	Third Circuit Court of Appeal
03-8171-07	Fourth Circuit Court of Appeal
03-8171-08	Fifth Circuit Court of Appeal
03-8172-01I	Judicial Expense Fund of the Nineteenth Judicial District Court - office expenses
03-8172-01J	Judicial Expense Fund of the Fifteenth Judicial District Court - office expenses
03-8173-L	Sanity Commissions
03-8173-M	Board of Jury Commissioners

C. FUND ACCOUNTING

The court uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds; this differs from the fund accounting of generally accepted accounting principles where the intent is to measure the financial position and results of the governmental reporting entity as a whole. Therefore, the funds within the accompanying financial statements have been divided between appropriated and non-appropriated funds and not by conventional fund types of generally accepted accounting principles.

The funds do not include any noncurrent assets or liabilities. Noncurrent assets, general fixed assets, and long-term liabilities are reflected in the State of Louisiana's general purpose financial statements.

The funds presented in the special purpose financial statements are described as follows:

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

APPROPRIATED FUNDS

General Appropriation Fund

The General Appropriation Fund provides for the salaries, related benefits, and general administrative expenditures of the Supreme Court of Louisiana and courts of appeal. In addition, the General Appropriation Fund provides for certain salaries, related benefits, and general administrative expenditures of the district, criminal, and city courts.

Louisiana Indigent Defender Board

The Louisiana Indigent Defender Board was created by Louisiana Supreme Court Rule XXXI, promulgated on July 1, 1994. The board is designed to serve as a supplemental funding agency for the 41 district indigent defender boards to defray expenses related to the defense of indigent clients charged with felony offenses. The board is additionally mandated to improve the overall administration of justice through the development of practice, case and financial guidelines, training and educational programs, and technical assistance. The board is financed by a yearly appropriation of the state legislature from the state's General Fund.

Patients' Compensation Fund

The Patients' Compensation Fund, as provided in LSA-R.S. 40:1297.47, is used to pay the administrative expenses of the Office of the Clerk of the Louisiana Supreme Court attributable to the selection process of the attorney chairman of the Medical Review Panel. The fund is financed by a yearly appropriation of the state legislature from the state's Patients' Compensation Special Revenue Fund.

Judges' Supplemental Compensation Fund

The Judges' Supplemental Compensation Fund was created to account for appropriations for salary supplements to judges and commissioners. The fund is financed by a yearly appropriation of the state legislature from statutory dedication funds transferred from the state's Judges' Supplemental Compensation Special Revenue Fund.

Trial Court Case Management Information System Fund

The Trial Court Case Management Information System Fund accounts for appropriations used to prepare a master plan for the development of a statewide automated trial-court case management information system and to

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

1995
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1995

provide for the fast-tracked proto-type development of the criminal disposition component of the overall information system. The fund is financed by a yearly appropriation of the state legislature from statutory dedication funds transferred from the state's Trial Court Case Management Information System Special Revenue Fund.

NON-APPROPRIATED FUNDS

Judicial College - Seminar Fund

The Judicial College - Seminar Fund conducts seminars for the education of Louisiana judges. Funding is received from collected registration fees. The balance remaining in the program at June 30, 1995, will be used to sponsor seminars and special projects relative to judicial education for Louisiana judges during the fiscal year ended June 30, 1996.

**Clerk of the Supreme Court
Fee Account Fund**

The Clerk of the Supreme Court Fee Account Fund is used to account for filing fees, copies of court records, and other revenues received by the court, as provided by LSA-R.S. 13:126, and interest earned on time deposits. The fund is used to pay expenditures approved by the Supreme Court of Louisiana that are not paid by funds appropriated to the Clerk of the Supreme Court.

Law Library Self-Generated Fees Fund

The Law Library Self-Generated Fees Fund accounts for the purchase of law books from proceeds from the sale of acts of the Louisiana Legislature as provided by LSA-R.S. 43:22. The Law Library provides copy machines within the library for use in making legal copies and a Westlaw computer terminal to assist attorneys in their legal research. The fees generated from these services are used to cover the cost of the copy machines and computer maintenance.

Courts/Community Relations Subcommittee Film Grant

The film You the Jury was funded by a grant from the Louisiana Bar Foundation for \$30,000 and received an additional \$10,000 from the Louisiana Supreme Court. The film is intended for use by all the district courts in the state. The audience for the film are prospective jurors who will learn what awaits them if they are chosen to serve. Tapes were distributed to all district courts in the state by the project.

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

1992
1993
1994

Task Force on Women in the Courts Fund

The Task Force on Women in the Courts Fund was created by the Supreme Court in accordance with the Rules of the Judicial Budgetary Control Board and by authority of Act 348 of 1988 and is used to account for expenditures attributable to the following purposes of the fund: to determine whether the design, operation, laws, rules, practices, and conduct of the judicial system result in inequality between men and women litigants, lawyers, judges, witnesses, court personnel, and all those who come into contact with the judicial system; to assess the real or perceived effects of gender bias on courtroom interaction and the judicial decision-making process; and to educate the bench, bar, and public about gender fairness in the judicial system and to make appropriate recommendations.

Task Force on Racial and Ethnic Fairness

The Louisiana Task Force on Racial and Ethnic Fairness in the Courts was created by the Judicial Council of the Louisiana Supreme Court in the fall of 1993 to develop a vision of fairness in Louisiana courts, to identify instances of unfairness in Louisiana courts, and to recommend strategies for maintaining and developing the vision of fairness in Louisiana courts. The task force is funded by private grants and transfers from prior year surpluses in the General Appropriation Fund.

Alternative Dispute Resolution Task Force

The Alternative Dispute Resolution Task Force is a legislatively created body that proposed and now administers the Civil District Court/First City Court Pilot Mediation Program. Mediation is an alternative dispute resolution mechanism wherein the parties attempt to resolve their differences with the assistance of a trained third-party facilitator, a mediator. The procedure is non-binding and shall not prejudice any party's right to full judicial process. The pilot program commenced on September 1, 1993, and terminated on August 31, 1995. The task force is funded through a \$25 application fee to all persons who apply to be on the approved list of mediators in the Pilot Mediation Program.

State Justice Institute - ADA Compliance Grant

The Supreme Court was awarded a technical assistance grant in 1993 from the State Justice Institute for \$30,000. The purpose of the grant was to assist the Court in restructuring its personnel system as a means of assuring better compliance with the requirements of the Americans with Disabilities Act (ADA) and other federal and state laws and regulations. The court used the grant

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

funds to help develop a pay plan, various personnel procedures, and a comprehensive personnel manual. The grant period ended January 31, 1995.

State Court Improvement Grant

The State Court Improvement Grant is a four year federal program established by the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66) to assist courts in the assessment and improvement of proceedings relating to foster care and adoption. The first phase of the grant, awarded to the highest court in each state, will enable trial courts to (1) identify barriers, (2) highlight practices that are not fully successful, and (3) measure areas in need of added attention. Reforms will then be implemented that address the state court's specific needs in foster care abuse and neglect proceedings.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The funds in the accompanying financial statements measure the resources provided by the legislature to fund current-year expenditures and the use of those resources by the court. This differs from generally accepted accounting principles in which the measurement focus would be to measure the flow of current resources.

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements, regardless of the measurement focus applied. The accompanying financial statements reflect revenues and expenditures in accordance with applicable statutory provisions and regulations of the Judicial Budgetary Control Board. These legal requirements differ from generally accepted accounting principles as follows:

1. Revenues are recognized to the extent that they have been appropriated and not necessarily when measurable and available.
2. Expenditures are recognized to the extent that appropriation authority has been extended to the court and not necessarily when the fund liability has been incurred.

Under the foregoing legal provisions, the court uses the following practices in recognizing revenues and expenditures.

Revenues

The state General Fund and Special Revenue Fund appropriations are recognized in the amounts appropriated, to the extent withdrawn from the State

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

GENERAL
LEGISLATIVE
COMMISSION

Treasury. Fees and self-generated revenues and non-appropriated revenues are recognized in the amounts earned, to the extent measurable and available.

Expenditures

Salaries, related benefits, and obligations of employee vested annual and sick leave are recognized when paid, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board. Substantially all other operating expenditures are recorded when the related liability is incurred, to the extent that they have been appropriated or approved by the Judicial Budgetary Control Board.

Other Financing Sources (Uses)

Transfers between funds or units of the judicial branch, some of which are not administered by the Supreme Court of Louisiana and are not expected to be repaid, are accounted for as other financing sources (uses) in the year the court or the Judicial Budgetary Control Board authorizes the transfer.

E. CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits. Under state law, the court may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the court may invest in certificates of deposit of state banks organized under the laws of Louisiana and national banks having their principal offices in the State of Louisiana.

In accordance with LSA-R.S. 49:327(C)(2), the court is authorized to invest funds in direct United States Treasury obligations, United States government agency obligations, direct security repurchase agreements, and reverse direct security repurchase agreements for federal obligations listed previously. The investments involve a repurchase agreement of a United States Treasury note.

F. GENERAL FIXED ASSETS

The court maintains records on its movable properties and does not account for land, buildings, and improvements used by the court. The movable properties are valued at historical cost at the time of acquisition. The movable property amounts are not included in the accompanying financial statements.

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

G. LONG-TERM OBLIGATIONS

The court is by statute not allowed to incur bonded indebtedness and, therefore, no recognition within the accompanying financial statements is necessary. Furthermore, any long-term obligations of the court arising from lease commitments, judgments, or compensated absences are not recognized in the accompanying special purpose financial statements.

H. BUDGET PRACTICES

By rule of the Supreme Court of Louisiana, the Judicial Budgetary Control Board was created with the authority to approve the transfer of funds within the court as needed. The appropriation made for the operations of the court is an annual lapsing appropriation and is recorded in the appropriated funds. As provided by Act 38 of 1994, any funds therein allocated to the judiciary, any portion of the funds previously appropriated to the judiciary, or interest earnings on such appropriations are thereby appropriated and may be used to defray expenses of the judiciary. All funds remaining unexpended and/or unencumbered must be returned to the state General Fund on or before September 1 of the succeeding fiscal year. However, Act 1225 of 1995 reappropriated these funds to defray expenses of the judiciary for fiscal years 1995-96, thereby eliminating the requirement to return the unexpended/unencumbered portions to the state General Fund on or before September 1.

Revenues and expenditures for budget purposes are recognized on the same basis of accounting as described in note 1-D. Statement C includes all appropriated funds and is presented as a single fund for budgetary comparison purposes. A reconciliation of Statement B to Statement C revenues and expenditures is as follows:

Revenues per Statement B:	
General Appropriation	\$57,985,517
Indigent Defender Board	5,000,000
Patients' Compensation Fund	10,000
Judges' Supplemental Compensation Fund	3,108,740
Case Management Information Fund	<u>305,000</u>
Revenues per Statement C	<u>\$66,409,257</u>
Expenditures per Statement B:	
General Appropriation	\$39,464,510
Indigent Defender Board	3,775,996
Judges' Supplemental Compensation Fund	2,890,491
Case Management Information Fund	<u>263,455</u>
Expenditures per Statement C	<u>\$46,394,452</u>

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)

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Budget revisions are granted by the Joint Legislative Committee on the Budget, by the Judicial Budgetary Control Board, and by the Supreme Court of Louisiana. The budget information included in the financial statements (Statement C) includes the original appropriations plus subsequent amendments, as follows:

Original approved budget	306,000,569
Increase for Judges' Supplemental Compensation Fund	600,000
Net increase for Trial Court Case Management Information Fund	5,000
Net increase to fund City Court judges insurance premiums	19,419
Decrease in cost-of-living adjustment for state workers	(480,855)
Net increase in accordance with Act 38 of 1994	<u>396,124</u>
Total	<u>\$66,400,257</u>

I. JUDGES' SALARIES

The salaries of the judges of the various appellate, district, juvenile, family, and city courts throughout Louisiana are paid directly by the Supreme Court of Louisiana with warrants drawn on the State Treasury and are included in the expenditures of the accompanying financial statements. City court judges, in addition to their state-paid salary, may receive salary from other sources, but their total salary is limited to that of a district court judge by LSA-R.S. 13:1874.1.

J. COMPENSATED ABSENCES

All regular employees of the Judicial Administrator's Office, the Office of the Clerk of the Supreme Court, the Law Library of Louisiana, the Judicial College, and certain Justices' personal staff, earn and accumulate annual and sick leave depending on years of service at between 12 and 24 days per year. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees may be compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay, depending on the availability of funds. Upon retirement, unused annual leave in excess of 300 hours may be converted to additional state service for the purpose of computing retirement benefits. In addition, those who attain eligibility in the state retirement system may include unused accrued sick leave in calculating retirement benefits in accordance with the formula established by the retirement system.

K. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned Memorandum Only (overview) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations. Neither is such data comparable to a consolidation.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

2. CASH AND CASH EQUIVALENTS

At June 30, 1995, the court has cash and cash equivalents (book balances) totaling \$8,448,570 as follows:

Petty cash	\$850
Demand deposits	6,133,202
Interest-bearing demand deposits	58,718
Time deposits	<u>258,000</u>
Total	<u>\$8,448,570</u>

At June 30, 1995, the court has \$8,884,339 in deposits (collected bank balances). 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 the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. 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. These deposits are secured from risk by \$544,462 of federal deposit insurance and \$8,339,877 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. INVESTMENTS

At June 30, 1995, the court has investments totaling \$2,000,000 as follows:

	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Fund</u>
Repurchase agreement	<u>\$2,000,000</u>	<u>\$2,000,507</u>	Pooled

The repurchase agreement involves a United States Treasury note in the name of the court and held by the counter party's trust department.

4. GENERAL FIXED ASSETS

At June 30, 1995, the Supreme Court has stewardship responsibility for \$1,571,419 in general fixed assets (movable property), valued at historical cost at the time of acquisition.

A summary of general fixed assets - movable property for the year ended June 30, 1995, for the Supreme Court and for the inventory of the other courts in Louisiana maintained by the Judicial Administrator's Office is as follows:

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA**
Notes to the Financial Statements (Continued)

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	Balance at July 1, 1994	Transfers	Additions	Deletions and Adjustments	Balance at June 30, 1995
Law Library	\$152,106		\$7,012	(\$37,636)	\$121,482
Judicial Administrator	309,095	(\$28,305)	182,210	(\$1,635)	411,335
Clerk of the Supreme Court	1,070,847		52,275	(\$4,220)	1,098,902
Total Supreme Court	1,532,018	(28,305)	241,497	(173,791)	1,571,419
Louisiana Indigent Defender Board			20,508		20,508
Other courts in Louisiana	924,866	28,305	115,132	(22,037)	1,046,256
Total Judiciary	\$2,456,904	NONE	\$377,135	(\$196,856)	\$2,638,184

The movable property records for the Supreme Court do not include the Supreme Court's portrait collection, which is valued at \$277,350, nor the value of books maintained in the Law Library of Louisiana. A card file inventory is maintained, and the value assigned to these books as appraised by the Law Library is \$4,632,690 as of June 30, 1995.

The court does not own any land or buildings.

5. INTERFUND TRANSFERS

Interfund operating transfers consist of the following:

	Transfers In	Transfers Out
General Appropriation Fund		\$59,473
Patient's Compensation Fund		10,000
Clerk of the Supreme Court Fee Account Fund	\$10,000	
Task Force on Racial and Ethnic Fairness Fund	20,000	
ADA Compliance Grant Fund	39,473	
Total operating transfers in/out	\$69,473	\$69,473

6. TRANSFERS TO OTHER ENTITIES

Transfers to other entities consist of the following:

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

Committee on Professional Ethics and Grievances	\$3,000
First Circuit Court of Appeal	4,527,428
Second Circuit Court of Appeal	2,325,355
Third Circuit Court of Appeal	3,438,651
Fourth Circuit Court of Appeal	3,541,414
Fifth Circuit Court of Appeal	2,363,130
Criminal Court	21,950
Fifteenth Judicial District Court	144,188
Nineteenth Judicial District Court	218,852
Sanity Commissions	129,868
Board of Jury Commissioners	183,754
	<hr/>
Total	\$16,907,368

7. RETURN OF PRIOR YEAR APPROPRIATION

Act 679 of the 1993 Session of the Louisiana Legislature (the judicial appropriation act) included \$2,341,572 for the Supreme Court to pay the unfunded liability for judicial retirement for fiscal year ended June 30, 1994. However, Act 328 of the 1993 Session of the Louisiana Legislature directed the Louisiana State Employees' Retirement System to pay the unfunded liability for judicial retirement. At June 30, 1994, the Supreme Court had reserved \$165,800 of these appropriations for the unfunded salary and office expenses of four judgeships. During the fiscal year ended June 30, 1995, the Supreme Court agreed that the unspent appropriated funds of \$2,175,788 (\$2,341,572 less the actual expenditures for the four judgeships of \$165,804) should be returned to the state.

8. PENSION PLANS

The clerk of court and assistant deputy clerks of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF), a multiple-employer (cost-sharing), defined benefit pension plan. Substantially all other employees and the judges are members of the Louisiana State Employees' Retirement System (LASERS), a single employer (cost-sharing), defined benefit pension plan.

Benefits of the two systems are funded through employee and employer contributions. The contribution rates (as a percent of covered salaries) are established by state law as follows:

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

	<u>Employee</u>	<u>Employer</u>
Louisiana Clerks Retirement and Relief Fund	8.25%	10.25%
Louisiana State Employees' Retirement System		
Judges and court officials	11.50%	11.80%
Other employees	7.50%	11.80%

The court's employer contributions are funded by the State of Louisiana through the annual appropriation to the court. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. For the year ended June 30, 1995, the total payroll for the Supreme Court of Louisiana was \$35,465,118. The court's employer contributions to LCRRF and LASERS and the total payrolls covered by the retirement systems were as follows:

	<u>LCRRF</u>	<u>LASERS</u>
Total covered current-year payroll	\$752,508	\$22,819,148
Employer contribution	77,165	2,712,381
Aggregate pension cost	129,015	5,192,221

In accordance with LSA-R.S. 11:1530(E), the court must continue to pay employer contributions for those employees participating in the Deferred Retirement Option Plan; however, payment of the employee's contribution terminates on the effective date that the employee enters the plan.

In addition, for the year ended June 30, 1995, the Supreme Court of Louisiana paid \$9,783 for the unfunded portion of retired judges' benefits.

Retired judges or their beneficiaries who are not members of the Louisiana State Employees' Retirement System are paid by the court according to LSA-R.S. 13:30. There are no employer or employee contributions to cover this pension plan. This plan is funded by the state General Fund through annual appropriations to the court. For the year ended June 30, 1995, the court paid \$3,958,833.

**9. POSTRETIREMENT HEALTH CARE
AND LIFE INSURANCE BENEFITS**

The court provides certain continuing health and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through insurance companies whose monthly premiums are paid jointly by the employee and the court. The court recognized the cost of providing these benefits for active employees (court's portion of premiums) as an expenditure

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Continued)**

when paid during the year, which was \$560,075 for the year ended June 30, 1995. The court's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1995, the cost of retiree benefits totaled \$272,682.

10. COMPENSATED ABSENCES

The liability for unused annual leave payable at June 30, 1995, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated at \$348,163. The leave payable is not recorded in the accompanying financial statements.

11. LEASE COMMITMENTS

The court has no material operating or capital leases.

12. RESERVE FOR CONTINUING OPERATIONS

As shown on Statement A, the Supreme Court of Louisiana has reserves for continuing operations totaling \$5,838,063 at June 30, 1995. These funds may be retained and used to defray the expenditures of the court, as prescribed by LSA-R.S. 13:10.3 for the Judges' Supplemental Compensation Fund, LSA-R.S. 13:124 for the Clerk of the Supreme Court Fee Account Fund, and Act 1225 of 1995 for all other appropriated funds. The fund balances in the other non-appropriated funds are considered restricted or reserved for the purposes for which the funds were collected, granted, or donated. The reserves for continuing operations are detailed as follows:

Appropriated funds:	
General Appropriation Fund:	
Acquisitions (land for parking lot)	\$2,500,000
Courts' Relocation Expenses	783,498
Operations and Maintenance	255,502
Indigent Defender Board	1,224,004
Judges' Supplemental Compensation Fund	309,343
Trial Court Case Management Information Fund	48,620
Non-appropriated funds:	
Judicial College - Seminar Fund	228,428
Clerk of the Supreme Court Fee Account Fund	385,737
Law Library Self-Generated Fees Fund	68,207
Courts/Community Relations Subcommittee Film Project	4,154
Task Force on Women in the Courts Fund	19,593
Task Force on Racial and Ethnic Fairness	7,786
Attorney Dispute Resolution Fund	2,211
Total	<u>\$5,838,063</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Notes to the Financial Statements (Concluded)**

13. CHANGES IN REPORTING

The beginning balances of the Judges' Supplemental Compensation Fund and the Trial Court Case Management Information System Fund were restated to remove collections from prior years that were previously reported as revenues. The collections were actually maintained in funds under control of the State Treasury until appropriated by the state legislature to the Supreme Court.

	<u>Judges' Supplemental Compensation Fund</u>	<u>Trial Court Case Management Information System Fund</u>
Fund balances at June 30, 1994 (as reported)	\$91,269	\$271,488
Less - cash in State Treasury - special revenue funds	<u>(175)</u>	<u>(254,413)</u>
Fund balances at June 30, 1994 (restated)	<u>\$91,094</u>	<u>\$7,075</u>

**14. JUDGMENTS, CLAIMS, AND SIMILAR
CONTINGENCIES**

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund and are not reflected in the accompanying special purpose financial statements. The self-insurance fund is operated by the Office of Risk Management, the state agency responsible for the state's risk management program.

15. DEFERRED COMPENSATION PLANS

Some employees of the court participate in the Louisiana Deferred Compensation Plan adopted under the provisions of Internal Revenue Code Section 457. Complete disclosures relating to this statewide plan are available in the financial statements of the State of Louisiana.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 1995**

NON-APPROPRIATED FUNDS

Schedule 1 presents a combining balance sheet for all non-appropriated funds as of June 30, 1995.

Schedule 2 presents a combining schedule of revenues, expenditures, and changes in fund balances for all non-appropriated funds for the year ended June 30, 1995.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS**

Combining Balance Sheet (Legal Basis), June 30, 1995

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	COURTS/ COMMUNITY RELATIONS SUBCOMMITTEE FILM GRANT FUND
ASSETS				
Cash and cash equivalents	\$172,527	\$381,625	\$51,291	\$3,124
Investments	58,901		18,916	1,030
Receivables		9,445		
TOTAL ASSETS	\$229,428	\$391,070	\$68,207	\$4,154
LIABILITIES AND FUND EQUITY				
Liabilities - accounts payable	NONE	\$5,333	NONE	NONE
Fund Equity - fund balances - reserves for continuing operations	\$229,428	385,737	\$68,207	\$4,154
TOTAL LIABILITIES AND FUND EQUITY	\$229,428	\$391,070	\$68,207	\$4,154

Schedule 1

TASK FORCE ON WOMEN IN COURTS FUND	TASK FORCE ON RACIAL AND ETHNIC FAIRNESS FUND	ALTERNATIVE DISPUTE RESOLUTION TASK FORCE FUND	TOTAL
\$14,734	\$5,840	\$1,062	\$530,803
4,859	1,028	549	82,181
			8,445
<u>\$19,593</u>	<u>\$7,706</u>	<u>\$2,211</u>	<u>\$722,429</u>
NONE	NONE	NONE	\$5,333
<u>\$19,593</u>	<u>\$7,706</u>	<u>\$2,211</u>	<u>717,096</u>
<u>\$19,593</u>	<u>\$7,706</u>	<u>\$2,211</u>	<u>\$722,429</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS**

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 1995**

	JUDICIAL COLLEGE - SEMINAR FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY SELF- GENERATED FEES FUND	COURT/IN COMMUNITY RELATIONS SUBCOMMITTEE FILM GRANT FUND
REVENUES				
Grants				
Private				
Federal				
Fees and self-generated revenues				
Court fees		\$205,037		
Copy fees		29,480	\$22,481	
Bar admissions		18,700		
Seminar fees	\$135,024			
Sales of acts of the legislature			3,140	
Sales of Westlaw searches			21,253	
Facsimile fees			10,888	
Miscellaneous		734	4,480	
Use of money and property - interest earnings	8,417	10,008		
Total revenues	143,441	251,858	62,342	NONE
EXPENDITURES				
Personal services		5,808		
Travel	10,882	10,442	705	
Operating supplies and services	22,519	195,495	11,304	
Professional services	110,263	7,448	17,825	
Other charges		9,236	13,049	
Settlement of disciplinary fees				
Total expenditures	143,664	228,398	43,074	NONE
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	1,777	33,561	19,268	NONE
OTHER FINANCING SOURCES				
Opening transfers in	NONE	10,000	NONE	NONE
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	1,777	43,561	19,268	NONE
FUND BALANCES AT BEGINNING OF YEAR	227,851	342,176	48,939	\$4,154
FUND BALANCES AT END OF YEAR	\$229,428	\$385,737	\$68,207	\$4,154

Schedule 2

TASK FORCE ON WOMEN IN COURTS FUND	TASK FORCE ON RACIAL AND ETHNIC FAIRNESS FUND	ALTERNATIVE DISPUTE RESOLUTION TASK FORCE FUND	ADA COMPLIANCE GRANT FUND	STATE COURT IMPROVEMENT GRANT FUND	TOTAL
			\$25,162	\$19,062	\$44,224
	\$7,791				7,791
					205,037
					51,961
					18,703
					136,024
					3,140
					21,255
					10,966
		\$975			975
					19,425
NONE	7,791	975	25,162	19,062	522,732
					5,808
					22,030
	243	517	39,473	18,703	289,315
	42	2,625			136,303
			25,162	359	47,808
	20,740				20,740
NONE	21,025	3,142	64,635	19,062	523,000
NONE	(13,234)	(2,167)	(39,473)	NONE	(268)
NONE	20,000	NONE	39,473	NONE	69,473
NONE	6,766	(2,167)	NONE	NONE	69,205
\$19,593	1,000	4,378	NONE	NONE	647,891
\$19,593	\$7,766	\$2,211	NONE	NONE	\$717,096

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following pages contain reports on internal control structure and compliance with laws and regulations required by *Government Auditing Standards*, issued by the Comptroller General of the United States. The report on internal control structure is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses. The report on compliance with laws and regulations is, likewise, based solely on the audit of the presented financial statements and presents, where applicable, compliance matters that would be material to the presented financial statements.



DANIEL G. KYLE, PH.D., CPA, CFE
LEGISLATIVE AUDITOR

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March 6, 1996

Independent Auditor's Report on Internal Control Structure Based
Solely on an Audit of the Special Purpose Financial Statements

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated March 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Management of the Supreme Court of Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of special purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors and/or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the special purpose financial statements of the Supreme Court of Louisiana for the year ended June 30, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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LEGISLATIVE AUDITOR

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
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We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the special purpose financial statements.

Internal Audit Function

The Supreme Court of Louisiana does not have an internal auditor on staff to examine, evaluate, and report on the internal control structure, including data processing, and to evaluate compliance with the policies and procedures of the control system.

Considering the court had \$16,467,942 in movable property and other assets and \$66,931,989 in revenues for fiscal year ended June 30, 1995, we believe that an effective internal audit function is needed to ensure that its assets are safeguarded and its policies and procedures are uniformly applied.

The Supreme Court of Louisiana should take the necessary steps to establish an effective internal audit function.

In a letter dated March 21, 1996, Mr. Hugh Collins, Ph.D., Judicial Administrator, stated that "this need was first brought to the Court's attention in June, 1995, too late for inclusion in the 1995-1996 Judicial Appropriations Bill. However, since becoming aware of the need, a job description has been developed, the position of Supreme Court Internal Auditor has been approved by the Human Resource Committee and a budget for an Internal Auditor position has been approved by the Judicial Budgetary Control Board and ratified by the Supreme Court. Subject to funding by the Legislature, the position of Supreme Court Internal Auditor will be filled as soon after July 1, 1996 as possible."

Payroll Records

The Supreme Court of Louisiana has not maintained complete payroll records. An adequate internal control structure should include policies and procedures to maintain time and attendance records. During our audit, we noted that time and attendance records are not maintained on five of the seven justices' staffs (5 secretaries and 15 law clerks) to support the payment of salaries. All employees of the court are considered to be salaried and under the supervision of the clerk, the judicial administrator, or of the Justices. The clerk's staff, judicial administrator's staff, and two

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SUPREME COURT OF LOUISIANA
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of the seven justices' staff maintain time and attendance records, and a leave policy has been established for these employees. However, the staff of the other five justices are not required to complete time and attendance records to support the time worked for the court. In addition, the time and attendance records for the staff of the two justices who earn leave are submitted on an annual basis and not each pay period. Such records are necessary to support amounts paid to employees as salary and to reduce the risk that errors and/or irregularities may occur and not be detected.

We recommend that the court require all its employees to provide documentation to support payroll disbursements. Each pay period, employees earning leave should be required to submit a signed time and attendance report to the appropriate supervisor who should certify the time and attendance report. If the employee is not earning leave, then, at a minimum, each pay period documentation should be submitted by either the employee or the employee's supervisor to support the payroll disbursement. In a letter dated March 21, 1996, Mr. Hugh Collins, Ph.D., Judicial Administrator, stated the following:

"Historically, the personal staff members of a Supreme Court Justice were employed to perform a function, regardless of the number of work hours (usually much more than 40 per week) required to perform the function. Annual and sick leave were accrued only by those staff members who, with the approval of their supervising Justice, maintained leave records. Such records have been submitted to the Judicial Administrator's Office on an annual basis. In recent years the Supreme Court has taken the lead in a continuing program of court reform.

"One of the areas which the Court determined to improve was record keeping for those personal staff members who do not accrue annual and sick leave. The Court approved a monthly submission to be signed by each justice certifying the full-time work of their personal staff members. They also commissioned me to submit this statement to the Auditor's Office for comment. The response from the State Auditor's Office was that this improved record keeping was unnecessary. In spite of this, the Court decided to move ahead and the improved record keeping system is being implemented. In light of this history, we are, of course, confused to find that the Auditor's Office is now citing us for not having the very records which it informed us were unnecessary."

Additional Comments: The Legislative Auditor's Office has consistently recommended that all employees of the State of Louisiana provide documentation supporting payroll disbursements and the earning of leave. In response to our recommendation, the court faxed wording it proposed to use as a certification. The verbal response from our office was "as long as the certification is prepared each pay period and dated, it would satisfy the need for authorization of the disbursement of funds."

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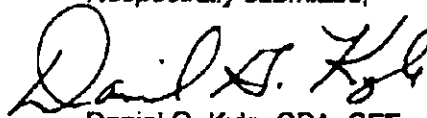
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STATE OF LOUISIANA
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A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and/or irregularities in amounts that would be material in relation to the special purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above are material weaknesses.

This report is intended for the information and use of the court and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE
Legislative Auditor

SAZ:LWM:dj

(SUPORT)

EXHIBIT A



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March 6, 1996

Independent Auditor's Report on Compliance With Laws and
Regulations Material to the Special Purpose Financial Statements

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the special purpose (legal basis) financial statements of the Supreme Court of Louisiana, as of and for the year ended June 30, 1995, and have issued our report thereon dated March 6, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *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.

Compliance with laws and regulations applicable to the Supreme Court of Louisiana is the responsibility of the court's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the court's compliance with certain provisions of laws and regulations. However, the objective of our audit of the special purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

This report is intended for the information and use of the court and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

SAZ LWM dl

REPORT

EXHIBIT B