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JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

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FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Bureau Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Ernst
Tervalon

CERTIFIED PUBLIC ACCOUNTANTS

Release Date JUL 08 1998

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INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the
Civil District Court, the First and Second
City Courts for the Parish of Orleans
New Orleans, LA

We have audited the general purpose financial statements as listed in the Table of Contents of the Judicial Expense Fund for the Civil District Court including the First and Second City Courts, Recorder of Mortgages and the Registrar of Conveyances for the Parish of Orleans (hereinafter collectively referred to as the Fund) as of and for the year ended December 31, 1997.

These general purpose financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these general purpose 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. These 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 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.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Fund as of December 31, 1997, and the results of its operations and changes in fund equity for the year then ended in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

The Honorable Judges of the
Civil District Court, the First and Second
City Courts for the Parish of Orleans
New Orleans, LA
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 1998 on our consideration of the Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 27, 1998

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUND AND ACCOUNT GROUPS
DECEMBER 31, 1997**

ASSETS AND OTHER DEBT	GOVERNMENTAL FUND TYPE	ACCOUNT GROUPS		Total (Majoration Debt)
	General	General Fund Assets	Long-term Liability	
Cash and temporary cash investments (NOTE 2)	\$ 748,884	\$ -	\$ -	\$ 748,884
Accounts receivable	21,868	-	-	21,868
Accrued interest receivable (NOTE 4)	383,378	-	-	383,378
Fixed assets (NOTE 4)	-	3,829,321	-	3,829,321
Amount to be provided for long-term liability	-	-	142,429	142,429
Prepaid expenses	58,188	-	-	58,188
Total assets and other debt	<u>\$1,174,218</u>	<u>\$3,829,321</u>	<u>\$142,429</u>	<u>\$5,146,068</u>

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

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

**COMBINED BALANCE SHEET
GOVERNMENTAL FUND AND ACCOUNT GROUPS, CONTINUED
DECEMBER 31, 1997**

	GOVERNMENTAL FUNDS	ACCOUNT GROUPS		Total (Memoranda Only)
	General	General Fund Assets	Long-term Liability	
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable	\$ 478,913	\$ -	\$ -	\$ 478,913
Compensated absences payable	-	-	114,488	114,489
Long-term liability (NOTE 5)	-	-	27,848	27,848
Total liabilities	<u>478,913</u>	<u>-</u>	<u>142,429</u>	<u>621,350</u>
Fund Equity:				
Investment in general fund assets	-	3,829,321	-	3,829,321
Designated fund balance (NOTE 7)	693,681	-	-	693,681
Total fund equity	<u>693,681</u>	<u>3,829,321</u>	<u>-</u>	<u>4,523,002</u>
Total liabilities and fund equity	<u>\$ 1,172,594</u>	<u>\$ 3,829,321</u>	<u>\$ 142,429</u>	<u>\$ 5,144,344</u>

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

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY—GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1997**

	GOVERNMENTAL FUND TYPE
	General
Revenues:	
Fees	\$11,840,496
Interest income	400,380
Other income	<u>72,888</u>
Total Revenues	12,313,764
Expenditures:	
Direct expenditures:	
Salaries and fees:	
Salaries	8,961,000
Court stenographer fees	21,670
Employee benefits	1,980,454
Office supplies	181,887
Books, printing, and copies	385,211
Postage and courier	59,111
Furniture, equipment rental and maintenance	133,350
Insurance	68,384
Telephone	124,332
Professional services	119,778
Jury's pay and transportation	78,875
Filing fees	<u>73,800</u>
Total direct expenditures	11,871,584

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

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND EQUITY—GOVERNMENTAL FUND, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997**

	GOVERNMENTAL FUND TYPE _____ Dollars
Expenditures, Continued:	
Indirect Expenditures	
Security cost	\$ 48,733
Capital expenditures	103,817
Division expenditures	154,465
Building, renovations, and improvements	<u>62,038</u>
Total indirect expenditures	669,268
Total expenditures	<u>12,676,863</u>
Deficiency of revenues over expenditures	<u>(183,800)</u>
Fund equity, beginning of year	<u>1,818,583</u>
Fund equity, end of year	<u>\$ 95,681</u>

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

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Accounting Policies :

The Judicial Expense Fund of the Civil District Court for the Parish of Orleans (the Fund) is designated by LSA-R.S. 13:1712 as the managing entity for fiscal operations of the Civil District Court for the Parish of Orleans, the First and the Second City Courts of the City of New Orleans, and the offices of the Recorder of Mortgages and the Register of Conveyances for the Parish of Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and the Second City Courts of the City of New Orleans, sitting en banc, as set forth in LSA-R.S. 13:1712, have sole management responsibility and oversight for **the Fund**. This responsibility and oversight includes control over all revenues deposited into the **Fund** by the aforementioned courts and offices, all disbursements made by the **Fund**, the setting of all fees charged by the courts and offices comprising the **Fund** and the determination of expenditures related to the operations of such courts and offices.

The accounting policies of the **Fund** conform to generally accepted accounting principles as applicable to governmental agencies. The following is a summary of the more significant accounting policies:

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, **The Financial Reporting Entity**, (GASB 14) 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

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies - Continued:

The Financial Reporting Entity, Continued

any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate, and c) is financially independent of other state and local governments.

As previously discussed, state statute established the Fund as a separate, legal entity with a governing body which is separate and independent of any other governmental "reporting entity", as defined by GASB 14. In addition, the Fund is financially independent of other governments. Although the Fund conducts its business from a building provided by the City of New Orleans, as discussed in NOTE 4, this support is considered incidental in relation to the Fund's total revenues and expenditures and in view of the additions and improvements made to this building by the Fund from its operating revenues over the term of its occupancy which total in excess of \$2,100,000.

Accordingly, management has concluded that the Fund is the financial reporting entity within the meaning of the provisions of GASB 14.

Fund Accounting

The Fund uses the general fund and account groups to report on its financial position and results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain of the Fund's functions or activities.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies, Continued:

Fund Accounting, Continued

The **Fund** is a separate accounting entity with a self-balancing set of accounts that include assets, liabilities, fund equity, revenues and expenditures, as appropriate. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The funds are classified as follows:

Governmental Funds

Governmental funds are used to account for all or most of the **Fund's** general activities. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the Governmental funds of the **Fund**:

General Fund

The General Fund is used to account for all financial resources except those that are required to be accounted for in another fund.

The operations of the general fund are comprised of the general fund's assets, liabilities, fund balance, revenues and expenditures, as related to the fiscal operations of the Civil District Court, the First City Court, the Second City Court, the Office of Recorder of Mortgages and the Office of Register of Conveyances.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies, Continued:

Fund Accounting, Continued

Salaries of the judges of the Civil District Court, which are paid directly by the Supreme Court of Louisiana, are not included in the financial statements presented herein since such salaries are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of the Fund.

Additionally, the Fund has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. The general fund is used to account for all financial resources of the Fund.

Account Groups

Account groups are used to establish accounting control and accountability for the Fund's general fixed assets and general long-term debt. They are self-balancing group of accounts that are concerned only with the measurement of financial position, not with the measurement of results of operations. The following are the Fund's account groups:

General Fixed Assets Account Group

This group of accounts is established to account for fixed assets of the Fund. The fixed assets of governmental funds are recorded as expenditures at the time they are purchased or constructed, and the related assets are capitalized or reported in the general fixed assets account group.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies , Continued:

Account Groups, Continued

General Long-Term Debt Account Group

The general long-term debt account group is used to record long-term liabilities of the Fund, when due, or when resources have been accumulated for payment.

Fixed Assets

The accounting and reporting treatment applied to fixed assets associated with the general fund is determined by its measurement focus. All governmental fund types are accounted for on a spending "flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during the period. Therefore, acquisitions of capital assets are expensed in the period purchased.

Fixed assets used in governmental fund type operations are accounted for in the general fixed assets account group, rather than in the general fund. No depreciation has been provided on such fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies, Continued

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Fund uses the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Budget and Budgetary Accounting

A budget was not adopted for the year ended December 31, 1997 since management is of the opinion that the Fund is not required to do so. Accordingly, no statement of revenues, expenditures and changes in fund balance-budget and actual is included in the financial statements presented herein.

Compensated Absences

It is the Fund's policy to permit employees to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave may be carried forward from year to year, but is not payable upon separation from service. Accrued leave earned but unused by employees of the Fund at December 31, 1997 has been included in the long-term liability account group in the accompanying financial statements.

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - *Summary of Accounting Policies, Continued:*

Division Expenditures

It is the Fund's policy to limit expenditures by each division of the Court for additional operating expenses that are not paid directly by the general fund. Such expenditures may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by the Fund as to the purpose for which these expenditures may be used and only for such expenditures supported by proper documentation.

The specific guidelines established by the Fund permit use of such amounts for expenditures directly associated with or incidental to legal or judicial matters and functions, of the following nature:

Travel, lodging, meals, conference fees, professional fees, dues, publications, purchase or leasing of equipment (exclusive of vehicles), maintenance of equipment and furnishings, remodeling of offices and hiring of additional employees. Such expenditures are included in the general fund of the accompanying financial statements of the Fund.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Accounting Policies, Continued:

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from these estimates.

Total Columns on the Combined Financial Statements

The total column on the combined financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate analysis. Data in these columns do not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

Governmental Accounting Standards Board (GASB) No.'s 25 and 27

In November 1994, the GASB issued Statement No. 25, "Financial Reporting for Defined Benefit Pensions Plans and Note Disclosures for Defined Contribution Plans", and Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers".

NOTE 2 - Cash and Temporary Cash Investments:

Cash and temporary cash investments include amounts in demand deposit accounts as well as short-term cash investments with maturity of three months or less.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash and Temporary Cash Contract:

At December 31, 1993 the carrying amount of the Fund's deposits in bank accounts (collected bank balance) was \$978,781. Of these amounts, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities owned by the depository bank, but held in safekeeping by other financial institutions.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of state or national banks having their principal office in Louisiana or any other federally insured investment.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC/SLIC insurance and the market value of 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 trust company for the account of the political subdivision.

At various times during 1993, deposits in excess of FDIC insurance were collateralized by the securities described above. GASH, which promulgates the standards for accounting and financial reporting for state and local governments considers these funds uncollateralized.

Even though these funds are considered to be uncollateralized under the provisions of GASH Statement 3, Louisiana Revised Statute 35:1229 imposed a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Pension Plans

Plan Description

The Fund does not maintain a separate pension plan for its employees. However, its employees are eligible to participate in various multiple-employer (cost-sharing), defined benefit plans provided by the state or city governments, and substantially all of the Fund's employees are covered by one of the available plans.

Generally, eligibility to participate in one of the plans commences with employment and in some instances, is subject to certain age and earning requirements.

Vesting of full benefits is subject to various years of required service, generally ranging from twelve to thirty years, and, in some instances, may require attainment of a minimum age.

Annual retirement benefits under the plans are generally stipulated as a percentage of a participant's defined annual compensation for each year of service. In certain instances that resulting amount may be increased by a fixed amount. In most cases, annual retirement benefits may not exceed 100% of the participant's defined annual compensation. The plans issue publicly available reports that include financial statements and required supplementary information. The reports may be obtained by writing to the following addresses:

**Louisiana State Employees' Retirement System
8401 United Plaza Blvd.
Baton Rouge, LA 70804-4213**

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE: 3- Pension Plans, Continued:

Louisiana Clerks of Court Retirement and Relief Fund
11745 Brickstone Avenue - Suite B-1
Baton Rouge, LA 70816

Sheriff's Pension & Relief Fund
P. O. Box 3163
Monroe, Louisiana 71209-3163

Employees' Retirement System
City of New Orleans
2400 Canal Street - Room 324
New Orleans, LA 70119

Funding Policy

Under the terms of the various plans, employees contribute a specified percentage of their gross earnings and the Fund also contributes a specified percentage.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

These plans in which the employees of the Fund participate and the specified contribution percentages are as follows:

	Employee	Employer
Louisiana State Employees Retirement System (LSERS)	11.50%	13.00%
Louisiana Clerk's Retirement and Relief Fund (LCRRF)	8.25%	10.00%
Sherrill's Pension and Relief Fund State of Louisiana (SPRFSL)	8.70%	5.00%
Employee's Retirement System of the City of New Orleans (ERS-CNO)	4.00%	11.678%

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan amounted to:

LSERS	12.60%
LCRRF	10.97%
SPRFSL	8.00%
ERS-CNO	13.81%

Benefits granted by the retirement systems are guaranteed by the State of Louisiana or the City of New Orleans, as applicable. The Fund does not guarantee the benefits granted by the retirement systems.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Pension Plans, Continued:

The total payroll of the Fund for 1997 amounted to \$8,961,840. The Fund's contributions to the retirement systems and the total covered payroll by each retirement system are as follows:

	LSERS	LCRRE	SERPSL	HRSCNO	TOTAL
Total covered payroll	\$267,092	\$5,585,840	\$558,960	\$1,845,872	\$8,257,764
Employer contribution	\$ 34,722	\$ 558,584	\$ 27,948	\$ 215,524	\$ 836,778
Aggregate pension cost	\$ 72,264	\$1,905,686	\$ 67,528	\$ 298,372	\$ 433,850

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employer service to date.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Pension Plans, Continued:

Most recent historical trend information showing each plan's progress in accumulating sufficient assets to pay benefits when due is presented in each plan's annual financial report.

	LSERS	LCBRE	SPRSL	BRSCHMO	TOTAL
	(In Thousands)				
Net assets	\$ 4,453,189	\$ 131,204	\$ 362,653	\$ 319,142	\$ 5,466,188
Future benefit obligation	(6,489,361)	(189,876)	(555,993)	(278,538)	(7,513,768)
Unfunded pension benefit obligation	\$(2,036,172)	\$(58,672)	\$ 193,340	\$ 59,396	\$(2,042,108)

NOTE 4 - General Fixed Assets Account Group:

The following is a summary of changes in the general fixed assets account group:

	Balance January 1, 1997	Additions	Retirement	Balance December 31, 1997
Furniture and fixtures	\$1,913,191	\$152,952	\$(2,907)	\$2,063,236
Data processing equipment	1,684,820	88,563	—/0	1,765,883
	<u>\$3,598,011</u>	<u>\$241,515</u>	<u>\$(2,907)</u>	<u>\$3,826,619</u>

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - General Fixed Assets Account Group, Continued:

The 1997 additions to the fixed assets account group have been included in capital expenditures and division expenditures in the accompanying statement of revenues, expenditures and changes in fund equity for the year ended December 31, 1997 at cost.

The building which the Fund occupies and uses to conduct its operations is owned by the City of New Orleans. Although the Fund does not pay rent to the City, the Fund has made additions and improvements to the building during its term of occupancy.

These additions and improvements are not included in the general fixed assets account group since the Fund does not own the building. Such building additions and improvements funded from operations of the Fund over its term of occupancy aggregate approximately \$2,189,698. Building additions and improvements made for the year ended December 31, 1997, amounted to \$82,196 and are included in the accompanying financial statements of the Fund.

NOTE 5 - Long-Term Liability:

The Fund is required by law to make monthly payments to widows of two former city court judges. The payments are to continue for the remaining lives of the widows. During 1998, the Fund will only be required to make monthly payments to one widow due to the death, in 1997, of the other widow. The annual amount of the payments total \$5,500 and are reflected as operating expenditures in the accompanying financial statements of the Fund.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Long-Term Liability, Continued

Although the liability for these future payments does not represent a decrease in net current assets of the Fund, and, therefore, is not a current liability of the general fund, the Fund is legally required to continue these payments.

Accordingly, the Fund has included the gross monthly payments calculated over the estimated and actual remaining lives of the recipients in the long-term liability account group which reflects the Fund's liability for funding these payments from future operations.

NOTE 6 - Registry of Court Funds:

The Civil District Court, First City Court and Second City Court each maintain registry of court funds.

Parties to litigation in these courts may deposit, or be ordered to deposit, cash or property into these funds in connection with the related litigation. Cash or property so deposited is the property of the litigants and is to be returned or disbursed to them or such other parties as the court may direct upon the conclusion of the litigation.

Each court has responsibility solely for its own registry of court funds. The management of the Judicial Expense Fund has no responsibility or authority with respect to these specific funds.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Registry of Court Funds, Continued:

The Clerk of Civil District Court, the Clerk of First City Court and the Clerk of Second City Court are the custodians of the Registry of Court Funds for each respective court. The Clerks generally may only accept deposits into or disburse funds from the Registry of Court Funds by order of the respective court.

These funds are subject to an annual audit by independent auditors who issue a separate report thereon.

With respect to the registry of court funds of the Civil District Court, state statute authorizes the investment of these funds into interest-bearing accounts. The statute provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be retained to the **Judicial Expense Fund** as reimbursement of administrative costs associated with the Registry of Court Funds.

Interest earned and due to the **Judicial Expense Fund** for 1997 amounted to \$165,178 and is included in the accompanying financial statements.

NOTE 7 - Contingencies and Commitments:

Certain of the offices within the **Fund** are defendants in various lawsuits which primarily allege improper handling of documents filed with those offices. Although potential liability for some of these claims is limited to the insurance policy deductible for each incident, a number of the claims arose in an office which was unable to secure insurance coverage and, accordingly, such claims are not covered by insurance. The outcome of these matters cannot be determined. As of December 31, 1997 and May 27, 1998 no provision has been recorded in the accompanying financial statements.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Contingencies and Commitments, Continued:

Although the Fund has not yet signed a contract, the Court En Banc has directed the dedication of approximately \$400,000 from the general fund for laser disc computer imaging of the records of Civil District Court and First City Court.

NOTE 8 - Risk Management:

The Fund is exposed to various risks of loss related to torts, theft of damage to and destruction of assets for which the Fund carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - Concentration of Credit Risk:

The Fund's principal source of revenue consist mainly of filing fees.

NOTE 10 - Post-Retirement Benefits:

The Fund provides certain continuing health care and life insurance benefits for its retired employees as provided by Louisiana Revised Statutes (LSA-R.S.) 17:1223. Substantially all of the Fund's employees become eligible for these benefits if they reach normal retirement age while working for the Fund. These benefits for retirees and similar benefits for active employees are provided through a private insurer, whose monthly premiums are paid jointly by the employee and the Fund. The Fund recognizes the cost of providing these benefits (the Fund's portion of premiums) as an expenditure when the monthly healthcare benefit premiums are due. In 1997, healthcare benefit premiums totaled \$99,512, which represents the Fund's portion.

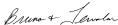
SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Honorable Judges of the
Civil District Court, the First and Second
City Courts for the Parish of Orleans
New Orleans, LA

Our report on our audit of the general purpose financial statements of the **Judicial Expense Fund of the Civil District Court including the First and Second City Courts, Recorder of Mortgages and the Register of Conveyances for the Parish of Orleans**, (hereinafter collectively referred to as the **Fund**) appears on page 1.

This audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the **Fund**. The accompanying exhibit is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 23, 1998

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

COMBINED STATEMENT OF REVENUES AND EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 1997

	Civil District Court	Fine City Court	Second City Court	Mortgage District	Commissary District	Total General Fund
Revenues:						
Fees	\$ 6,972,868	\$ 2,008,348	\$ 142,823	\$ 2,568,848	\$ 1,847,779	\$ 11,940,496
Interest income	400,380	-	-	-	-	400,380
Other income	70,520	821	-	482	214	72,024
Total revenues	6,983,768	2,010,219	142,823	2,569,332	1,848,109	12,213,968
Expenditures:						
Direct Expenditures						
Salaries	5,280,792	1,378,338	282,916	1,198,280	849,621	8,989,849
Court stenographer fees	21,873	-	-	-	-	21,873
Employee benefits	821,328	212,842	56,530	172,118	282,787	1,585,604
Page total	6,123,993	1,666,973	349,446	1,420,418	1,132,408	10,983,687

See Independent Auditor's Report on Supplementary Information.

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS

COMBINED STATEMENT OF REVENUES AND EXPENDITURES,
GENERAL FUND, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1987

	Civil District Court	First City Court	Second City Court	Mortgage Office	Consequence Office	Total General Fund
Direct Expenditures, Continued:						
Office supplies	\$ 138,172	\$ 18,225	\$ 5,043	\$ 14,218	\$ 8,817	\$ 184,485
Books, printing and copier	167,503	88,288	4,408	119,125	11,157	388,581
Postage and courier	46,725	4,042	1,347	6,717	289	59,111
Furniture, equipment rental and maintenance	340,600	34,577	3,440	60,190	12,500	391,307
Insurance	28,898	3,193	9,863	5,190	18,291	58,354
Telephone	83,440	8,218	3,919	20,002	9,527	125,106
Professional services	93,147	6,683	3,851	14,689	6,298	118,678
Travel, per diem and transportation	78,877	-0-	-0-	-0-	-0-	78,877
Filing fees	1,023	183	-0-	2,392	-0-	3,608
Page total	\$ 875,823	\$ 186,682	\$ 22,063	\$ 263,526	\$ 50,149	\$ 1,401,243
Direct expenditures	2,011,483	1,263,626	342,532	1,228,214	1,110,568	3,956,423

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES,
GENERAL FUNDS CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997**

	Civil District Court	First City Court	Second City Court	Mortgage Office	Consequence Office	Total General Fund
Expenditures, Continued						
Judicial Expenditures						
Security cost	\$ 24,969	\$ 18,350	\$ 860	\$ 8,825	\$ 4,066	\$ 48,031
Capital expenditures	211,460	13,127	879	5,151	3,099	233,817
Division expenditures	212,281	48,900	8,648	50,244	28,258	358,465
Building renovations & improvements	<u>66,812</u>	<u>21</u>	<u>4</u>	<u>1,208</u>	<u>4</u>	<u>69,158</u>
Total judicial expenditures	<u>505,522</u>	<u>18,315</u>	<u>18,320</u>	<u>68,032</u>	<u>35,429</u>	<u>635,358</u>
Total expenditures	<u>2,521,482</u>	<u>1,837,499</u>	<u>373,210</u>	<u>1,791,186</u>	<u>1,149,042</u>	<u>12,675,463</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,837,443</u>	<u>\$ 152,752</u>	<u>\$ 238,358</u>	<u>\$ 472,621</u>	<u>\$ 119,919</u>	<u>\$ 1,763,403</u>

See Independent Auditors' Report on Supplementary Information

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Judges of the
Civil District Court, the First
and Second City Courts for the
Parish of Orleans
New Orleans, LA

We have audited the general purpose financial statements of the Judicial Expense Fund of the Civil District Court, including the First and Second City Courts for the Parish of Orleans, Recorder of Mortgages and the Register of Conveyances (hereinafter collectively referred to as the Fund) as of and for the year ended December 31, 1997, and have issued our report thereon dated May 27, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as items 97-1 through 97-3.

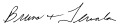
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Fund's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 97-1 through 97-3.

A material weakness is a condition in which the design or operation of one more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Honorable Judges, and management. However, this report is a matter of public record and its distribution is not limited.



BRUNO & TERVALON
CERTIFIED PUBLIC ACCOUNTANTS

May 27, 1998

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REPORTABLE CONDITIONS
FOR THE YEAR ENDED DECEMBER 31, 1997**

Reference Number:

97-1

• Resolution of Cash Out-of-Balance Condition

Condition

The cash balance per the general ledger at December 31, 1997 was \$68,678 compared to the reconciled bank balance of \$37,179 resulting in an out-of-balance condition of \$31,499. It is our understanding based on discussion with management that the condition is the result of transactions entered into the general ledger after year end closing.

As of May 27, 1998 the condition remains unresolved. Management continues in its effort to identify the cause of the condition.

Recommendation

We recommend that management continue in its effort to resolve the above condition.

Management's Response

Management anticipates resolution of the out-of-balance condition by no later than July 31, 1998.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-2

o **Reconciliation of Form 941 to General Ledger**

Condition

For the year ended December 31, 1997, the cumulative wages and related withholding and taxes paid as reflected on the Fund's Internal Revenue Service (Form 941) filed with the Internal Revenue Service, differed from the amounts as recorded on the Fund's general ledger as follows:

	Per 941	Per General Ledger	Difference
Wages	\$8,669,733	\$8,957,430	\$287,697
Federal income tax withheld	\$1,098,567	\$1,098,610	\$ 43

Recommendation

We recommend that the Fund's monthly procedures include the reconciliation of the wages and related taxes and all differences resolved accordingly.

Management's Response

Management intends to institute a procedure by August 30, 1998 that will require the periodic reconciliation of the general ledger balances to their related subledger analysis reports.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REPORTABLE CONDITIONS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-3

o **YEAR 2000 COMPLIANCE**

Condition

The approach of the year 2000 presents significant issues for many financial information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999 approximately, because such systems allow only two digits to indicate the year in a date. As a result, such systems are unable to distinguish January 1, 1990, which could have adverse consequences on the operations of the Fund and the integrity of information processing, causing safety, operational, and financial issues.

Our audit of the Fund's financial statements for the year ended December 31, 1997, does not provide any assurance that the Fund's systems are year 2000 compliant. In addition, we were not engaged to perform, nor did we perform, any procedures to test whether the Fund's systems are year 2000 compliant or whether the plans and activities of the Fund are sufficient to address and correct the system or any other problems that might arise because of the year 2000. Accordingly, we do not express any opinion nor provide any other assurance regarding the year 2000.

Recommendation

We recommend that management insure that the Fund's systems are year 2000 compliant.

Management's Response

Management is currently developing a plan of action to ensure that its systems are year 2000 compliant.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 1997

We have audited the general purpose financial statements of the Judicial Expense Fund of the Civil District Court including the First and Second City Courts of the Parish of Orleans, Recorder of Mortgages and the Register of Conveyances (hereinafter collectively referred to as the Fund) as of and for the year ended December 31, 1997, and have issued our report thereon dated May 27, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 1997 resulted in an unqualified opinion.

SUMMARY OF AUDITORS' REPORTS

Section I:

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses Yes ___ No X Reportable Conditions Yes X No ___

Compliance:

Compliance Material to Financial Statements Yes ___ No X

b. Federal Awards

Internal Control:

Material Weaknesses N/A* Reportable Conditions N/A*

Type of Opinion on Compliance:

For Major Programs N/A*

*N/A - Non-applicable

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

b. Federal Awards, Continued

Are there findings required to be reported in accordance with Circular A-133, Section 504(a)?

N/A*

c. Identification of Major Programs:

Dollar threshold used to distinguish between Type A and Type B Programs: N/A*

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? N/A*

Reportable Condition

Section II: Financial Statement Findings

See Reference Numbers 97-1 through 97-3 of the Schedule of Reportable Condition located on pages 32 to 34.

Section III: Federal Award Findings and Questioned Costs

N/A*

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF PRIOR YEAR FINDING
FOR THE YEAR ENDED DECEMBER 31, 1997

Sections I, II and III:

There were no prior year audit findings and/or management letter comments resulting from internal control and compliance audit, material to the financial statements.

Currently, the Fund does not receive any Federal Awards.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED
FOR THE YEAR ENDED DECEMBER 31, 1997**

Reference Number:

97-4

Condition

Significant material checks outstanding with some dated as far back as 1990.

Recommendation

It is our recommendation that management pursue resolution of the outstanding checks for the operating and payroll accounts via location of the supporting documents. This is necessary in light of the potential for misappropriation of assets. Furthermore, as it becomes necessary to reissue checks for valid outstanding items, the proper supporting documents should be maintained as the basis for such payment.

The Fund should also consider the establishment of an outstanding check policy. The policy should incorporate the timely review and resolution of all outstanding items within a specified timeframe.

Management's Response

The above condition was resolved during the current year.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-5

Condition

No periodic reconciliation is performed between the "cash book" report maintained by the jury pool staff to the general ledger.

Recommendation

Subsequent to December 31, 1996 all juror payments are via check disbursement payable to the individual juror. Staff should perform a periodic review comparison of juror payments to jury "Attendance Sheets".

Management's Response

This condition has been resolved and procedures established to ensure periodic review.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED (CONTINUED)
FOR THE YEAR ENDED (DECEMBER 31, 1997)**

Reference Number:

97-8

Condition

We noted the absence of purchase requisitions in four (4) of eight (8) items selected and charged to the judiciary appropriation fund.

Recommendation

The Fund should establish a procedure to account for activities relating to the judiciary appropriation accounts.

To enhance the reporting, we recommend that the report include information such as the vendor, description of item purchased or services procured, and dollar amount to allow for detailed review by the respective judge.

Furthermore, the Fund should evaluate the cost versus benefit of a centralized purchasing and contracting system for goods and services. The system should incorporate the use of prenumbered requisitions for all purchases.

Management's Response

Presently, the Fund submits on a periodic basis an accounting of funds activity for each of the judiciary appropriation accounts.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-7

Condition

Personnel interviewed appeared not to have a clear understanding of the expectations of their job responsibilities.

Recommendation

We recommend that the Fund consider the development of written procedures detailing the necessary functions, processes and control elements necessary for the effective operation of the Judicial Expense Fund.

Also, we recommend that the Fund review the current job descriptions of its staff in conjunction with the above recommendation.

Management's Response

The above recommendation has been implemented.

JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1987

Reference Number:

87-8

Condition:

The collection units have responsibility for the preparation of deposit slips for funds collected. However, there is no count between the cashier and the Fund clerk upon the transfer of monies for the deposit function.

Recommendation:

The Fund should consider instituting the following procedures:

- All cash collections should be verified at point of transfer to the Fund staff;
- The collection units should prepare a cash collection log to identify all cash activity. The report should be submitted at the point the funds are transferred to the Fund staff. The completeness and accuracy of the report should be verified and the signature of the Fund staff placed on the document to evidence such. A copy of the report should be forwarded to the respective cashiers;
- The comptroller officer should evaluate its record retention policy as it relates to funds collection. The valuation should consider the need for an audit trail for all transactions undertaken by that office;

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-8

Recommendation: *Continued*

- The monthly Statement of Revenue & Expenses and Posted Transaction Register should be reconciled on a monthly basis and differences, if any, resolved;

Furthermore, the registers should be maintained to provide for an audit trail; and

- The Fund should evaluate the possibility of preparing the cash receipts reports to include the daily "cash receipts ledger maintained by the Chief Accountant using available software such as Lotus or Excel.

Management's Response:

Management has implemented selected procedures to accommodate the above recommendations.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

87-8

Condition:

There is lack of independence between the personnel file maintenance and payroll functions. One individual administers the new hire orientation and payroll system setup, pay status changes, routine payroll processing, tax and pension payable computation.

Recommendation:

- The current payroll processing system should be evaluated with an aim toward providing the necessary control elements to minimize, if not eliminate, the potential that currently exists for misappropriation of assets;
- The Fund should consider a control system that ensures that all personnel changes (to include hire/termination, payrate, pension withholding, etc.) are properly documented in writing by the employee as well as the payroll staff and filed accordingly in the respective employees file to support all such transactions. A periodic review for compliance should be undertaken at least on a quarterly basis by someone independent of the payroll function;
- Management should review the current system of payroll processing as it relates to hours worked and leave carried over/used to ensure the complete and accurate reporting of such;

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-9

Recommendation Continued

- On a monthly basis, **The Fund** should reconcile the payroll registers to the general ledger to ensure that all transactions have been properly captured. This review should include a cursory review of payroll at a supervisory level prior to disbursement; and
- In addition, **The Fund** staff should input all payroll changes on a timely basis to minimize any time lag and facilitate the timely recording of all transactions to the appropriate period.

Management's Response

Management is planning to upgrade to Windows version of ADP with report writer that will allow the **Fund** to generate its own reports that will help to implement the necessary controls. The Office Manager and Chief Accountant are currently performing periodic reviews on compliance.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEW'S PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number

97-18

Condition

The Fund does not have a formal system for competitive bidding.

Recommendation

The Fund should consider:

- The development of a formal procurement policy that requires the use of competitive bidding;
- The establishment of a centralized and consolidated purchasing and contracting system;
- The implementation of the necessary internal control elements in the procurement process in order to minimize, if not eliminate, the potential for misappropriation of assets;
- A plan of action to upgrade the current computer system and capacity; and
- The implementation of a procedure that will ensure the updating of staff parking assignments on a quarterly basis.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997**

Reference Number:

97-10

Management's Response:

Management has initiated selected internal control procedures and continues to evaluate implementation of the above recommendations.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-11

Condition

Our review of the financial statements of the Fund reveals an ongoing operating deficit.

Recommendation

Management of the Fund should develop a plan of action that will address the operating deficit.

Management's Response

Management has increased its fee structure and instituted procedures to ensure cost containment of the Fund's expenditures.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997

Reference Number:

97-12

Condition

Establishment of a fixed asset accountability system.

Recommendation

We recommend that the Panel consider instituting the following procedures:

- Establish a dollar threshold of not less than \$100 as a basis for tracking all assets acquired.
- All "nursitive" assets should be tracked irrespective of dollar value.
- A complete physical count should be undertaken of all assets located both on-site and off-site.

The listing should include at a minimum: a tag number, description of asset, cost or estimated cost for older items, location, and responsible department and person.

- The establishment of a physical count procedure to require the annual inventory and reconciliation of all items purchased and/or retired to the completed asset listing previously discussed.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997**

Reference Number:

97-12

Management's Response:

Management has initiated the physical count of fixed assets and plans on the establishment of a system to ensure its completion.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
SCHEDULE OF REVIEWS PERFORMED, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 1997**

Reference Number:

97-13

Condition

Currently, the Fund does not have a plan of action geared toward the complete automation of the accounting department. Development of such a plan should incorporate the implementation of a system for the following phases of the accounting processes:

- Procurement
- Accounts Payable
- Payroll
- Requisition
- Fixed Assets
- General Ledger

Recommendation

Management of the Fund should develop a plan to facilitate the complete automation of the accounting department.

Management's Response

A preliminary planning meeting has been undertaken and management is evaluating the recommendation in conjunction with the funding requirements.

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

EXIT CONFERENCE

An exit conference was held on June 30, 1998 with representatives of the Fund. The contents of this report were discussed and management is in agreement. Those persons in attendance were as follows:

**JUDICIAL EXPENSE FUND
OF THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS**

Ms. Trudy Percock	--	Office Manager
Mr. Timi Nguyen	--	Chief Accountant

BRUNO & TERVALON, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Alcide J. Tervalon, Jr., CPA	--	Partner
Mr. Paul K. Ardoh, Sr., CPA	--	Senior Manager
Ms. Lakona Robertson Thomas	--	Staff Accountant