

# STATE OF LOUISIANA LEGISLATIVE AUDITOR

Court of Appeal, Fifth Circuit  
State of Louisiana  
Gretna, Louisiana

December 15, 1999



***Financial and Compliance Audit Division***

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

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**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA  
Gretna, Louisiana**

**Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 1999**

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 and at the office of the parish clerk of court.

December 15, 1999

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA**

**Special Purpose Financial Statements  
and Independent Auditor's Reports  
As of and for the Year Ended June 30, 1999**

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

November 22, 1999

Independent Auditor's Report  
on the Financial Statements

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Gretna, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Court of Appeal, Fifth Circuit, a court within Louisiana state government, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of management of the Court of Appeal, Fifth Circuit. 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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.

As described in note 1-B to the financial statements, the accompanying special purpose financial statements present only the funds of the Court of Appeal, Fifth Circuit. As such, they present the appropriated and non-appropriated activity of the court that are part of the accounts and fund structure of the State of Louisiana. The General Appropriation Fund reflects appropriated activity of the court that is part of the General Fund of the State of Louisiana. The non-appropriated fund is an individual fund 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 act for the appropriated fund and the financial position of the non-appropriated fund. These principles 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 do not present financial position and results of operations in conformity with generally accepted accounting principles.

LEGISLATIVE AUDITOR

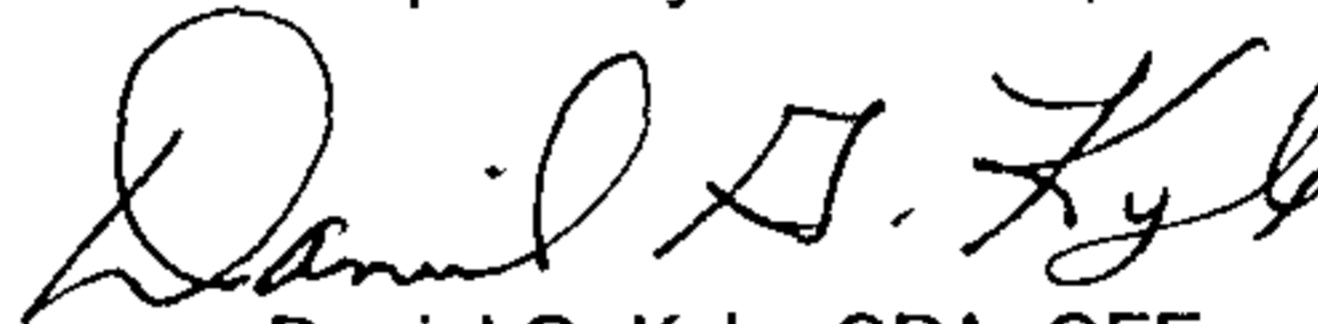
COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA  
Audit Report, June 30, 1999

In our opinion, the special purpose financial statements referred to previously present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Court of Appeal, Fifth Circuit at June 30, 1999, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 1999, on our consideration of the Court of Appeal, Fifth Circuit's internal control over financial reporting and our tests of compliance with certain provisions of laws and regulations.

This report is intended solely for the information and use of the Court of Appeal, Fifth Circuit and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

KML:JR:RCL:dl

{SCIRCRT}

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA  
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Balance Sheet (Legal Basis), June 30, 1999**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
<b>ASSETS</b>			
Cash and cash equivalents (note 1-E)	\$3,905	\$1,291,319	\$1,295,224
Receivables (note 2)	4,034	25,633	29,667
Interfund receivables	1,760		1,760
Prepaid items	29,979	2,862	32,841
	<u>\$39,679</u>	<u>\$1,319,814</u>	<u>\$1,359,493</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$9,699		\$9,699
Interfund payables		\$1,760	1,760
Total Liabilities	<u>9,699</u>	<u>1,760</u>	<u>11,459</u>
Fund Equity - fund balance - reserved (note 8):			
Continuing operations	29,979	818,054	848,033
Construction of new court building		500,000	500,000
Total Fund Equity	<u>29,979</u>	<u>1,318,054</u>	<u>1,348,033</u>
	<u>\$39,678</u>	<u>\$1,319,814</u>	<u>\$1,359,492</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>			

The accompanying notes are an integral part of this statement.

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA  
ALL APPROPRIATED AND NON-APPROPRIATED FUNDS**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Legal Basis)  
For the Year Ended June 30, 1999**

	APPROPRIATED FUND - GENERAL APPROPRIATION	NON- APPROPRIATED FUND - FEE ACCOUNT	TOTAL (MEMORANDUM ONLY)
<b>REVENUES</b>			
Filing fees		\$309,146	\$309,146
Use of money and property - interest earnings		54,664	54,664
Total revenues	NONE	363,810	363,810
<b>EXPENDITURES</b>			
Appropriated expenditures:			
Personal services	\$2,050,734	91,009	2,141,743
Professional services	61,232	1,481	62,713
Travel and conventions	69,597	18,467	88,064
Operating supplies and services	387,793		387,793
Capital outlay	167,182		167,182
Association dues		1,800	1,800
Non-appropriated expenditures - Judges' Supplemental Compensation Fund		9,187	9,187
Total expenditures	2,736,538	121,944	2,858,482
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	(2,736,538)	241,866	(2,494,672)
<b>OTHER FINANCING SOURCES (Uses)</b>			
Operating transfers in	50,719		50,719
Operating transfers out		(50,719)	(50,719)
Transfers from Supreme Court	2,702,038		2,702,038
Total other financing sources (uses)	2,752,757	(50,719)	2,702,038
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	16,219	191,147	207,366
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	13,760	1,126,907	1,140,667
<b>FUND BALANCES AT END OF YEAR</b>	\$29,979	\$1,318,054	\$1,348,033

The accompanying notes are an integral part of this statement.



**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1999

**INTRODUCTION**

The Court of Appeal, Fifth Circuit is a part of the State of Louisiana reporting entity, within the judicial branch of government. The court is provided for in Article V, Sections 8 through 13 of the Louisiana Constitution of 1974 and Sections 311 through 392 of Title 13 of the Louisiana Revised Statutes of 1950. The court's operations are funded through an annual lapsing appropriation made by the Louisiana Legislature and from self-generated revenues authorized by Louisiana Revised Statute (R.S.) 13:352. In addition to the fees mandated by R.S. 13:352 relative to appeals, applications for writs, motions filed on unlogged appeals and answers to appeals, the court, in compliance with Act 63 of the 1985 Session of the Louisiana Legislature and in conformity with the Judges' Supplemental Compensation Fund, charges an additional fee of \$16. The total amount collected in connection with the Judges' Supplemental Compensation Fund is remitted to the Judicial Administrator's Office of the Supreme Court of Louisiana.

The Court of Appeal, Fifth Circuit has appellate jurisdiction as authorized under Article V, Section 5 of the Louisiana Constitution, which encompasses the parishes of Jefferson, St. Charles, St. James, and St. John the Baptist. The Court of Appeal, Fifth Circuit has supervisory jurisdiction, subject to the general supervisory jurisdiction of the Supreme Court of Louisiana, over all lower courts in all cases in which an appeal would extend to the court of appeal. The Fifth Circuit is domiciled in Gretna, Louisiana, and has 8 judges and 43 other employees.

**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 governments. 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.

**B. REPORTING ENTITY**

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The court is considered within the State of Louisiana reporting entity because the state exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the state has control and exercises authority over budget

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

matters; (2) state appropriations provide the largest percentage of total revenues; and (3) the court primarily serves state residents. The accompanying financial statements present information only as to the transactions of the court.

The accompanying financial statements represent activity of the 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 are audited by the Louisiana Legislative Auditor.

**C. FUND ACCOUNTING**

The Court of Appeal, Fifth Circuit 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 operations 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 the 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:

**General Appropriation Fund**

The General Appropriation Fund provides for the general administrative expenditures of the court.

**Non-Appropriated Fund - Fee Account**

The Fee Account is used to account for filing fees and other revenues received by the court as provided by R.S. 13:352. Expenditures incurred in excess of the amount appropriated by the legislature (General Appropriation Fund) are funded from this account.

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA**  
*Notes to the Financial Statements (Continued)*

**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**

Self-generated revenues, including interest income on demand deposits and certificates of deposit, are recorded when earned.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Furthermore, any expenditure of a long-term nature for which funds have not been appropriated during the current year is not recognized in the accompanying financial statements.

**Other Financing Sources (Uses)**

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) in the year the court is authorized to receive or make the transfers. In addition, transfers from the Supreme Court are included on the financial statements as other financing sources. The transfer from the

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Supreme Court is the portion of the Court of Appeal, Fifth Circuit's state General Fund appropriation, which is recognized in the amount appropriated, to the extent withdrawn from the state treasury.

**E. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are composed of the following:

Petty cash	\$124
Cash in demand accounts	95,100
Certificates of deposit	1,200,000
	<hr/>
Total	<u>\$1,295,224</u>

Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits 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 pledged 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. The court has deposit balances (collected bank balances) of \$1,426,381 at June 30, 1999, for which the court has control. These deposits are secured from risk by \$100,000 of federal deposit insurance (GASB Risk Category 1) and \$1,326,381 of pledged securities held by the pledging institution's trust department or agent in the court's name (GASB Category 2).

**F. PREPAID ITEMS**

The court establishes prepaid expenditures for membership dues, insurance, and maintenance agreements. Payments made for such items that will benefit periods beyond June 30, 1999, are recorded as prepaid items.

**G. GENERAL FIXED ASSETS**

At the present time, the court maintains records only on its movable properties and does not account for land, buildings, and improvements used by the court. At June 30, 1999, the court has stewardship responsibility for \$1,305,990 in governmental movable property, valued at historical cost at the time of acquisition. The movable property is not reflected within the accompanying special purpose financial statements. A summary of changes in movable property follows:

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Furniture and fixtures	\$853,244	\$94,086	\$225,780	\$721,550
Library books	535,807	48,633		584,440
Total	<u>\$1,389,051</u>	<u>\$142,719</u>	<u>\$225,780</u>	<u>\$1,305,990</u>

**H. 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, compensated absences, or any other sources are not recognized in the accompanying special purpose financial statements.

**I. BUDGET PRACTICES**

The general appropriation made for the operations of the court is an annual lapsing appropriation. Amounts not expended or encumbered should be returned to the state General Fund on or before September 1, 1999.

The court has no encumbrances outstanding at June 30, 1999. The accompanying financial statements do not present a budgetary comparison because the appropriated fund is budgeted in lump sum and the non-appropriated fund is not subject to budgetary control. As provided by Act 13 of 1998, the Judicial Budgetary Control Board approved an original appropriation of \$2,702,038. The appropriation act also appropriates to the court any interest that it earns. There were no budget amendments.

**J. JUDGES' SALARIES**

The salaries of the judges are paid directly by the Supreme Court of Louisiana with warrants drawn on the state treasury and are not included in the expenditures of the accompanying financial statements.

**K. LEAVE BENEFITS**

Law clerks and secretaries employed by a particular judge are employees of that judge. As such, they are subject to the leave benefit guidelines set forth by that particular judge. The clerk of court and central staff director are subject to the guidelines of the chief judge.

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Employees for the Clerk of Court's office and the central staff employees earn and accumulate annual and sick leave at various rates, depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees are compensated for up to 300 hours of unused annual leave at the employee's current hourly rate of pay. Payment of monetary compensation for sick leave upon termination is not permitted.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure when leave is actually taken. The cost of leave privileges applicable to general government operation not requiring current resources is disclosed in note 7.

**L. TOTAL COLUMNS ON STATEMENTS**

The 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 are such data comparable to a consolidation.

**2. RECEIVABLES**

The following is a summary of receivables at June 30, 1999:

	Appropriated Fund - General Appropriation	Non- Appropriated Fund - Fee Account	Total
Due from travel reimbursements	\$4,034		\$4,034
Filing fees		\$25,000	25,000
Copy fees		633	633
Total	<u>\$4,034</u>	<u>\$25,633</u>	<u>\$29,667</u>

**3. PENSION PLANS**

Substantially all employees of the court are members of the Louisiana Clerks Retirement and Relief Fund (LCRRF) and the Louisiana State Employees Retirement System (LASERS). The LCRRF and LASERS are statewide cost-sharing, multiple-employer plans administered by separate boards of trustees. Both plans provide retirement, disability, and survivor's benefits to plan members and beneficiaries. Generally, permanent employees are eligible to participate in the retirement systems, with employee benefits vesting after 10 years of service. The systems issue annual publicly available financial reports that include financial statements and required supplementary information for the systems. The reports may be obtained by writing to the

**COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA**  
Notes to the Financial Statements (Continued)

Louisiana Clerks Retirement and Relief Fund, 11745 Bricksome Avenue, Suite B1, Baton Rouge, Louisiana 70816, or by calling (225) 293-1162 and/or the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600. Benefits granted by LASERS are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974.

The contribution requirements of plan members and the court are established and may be amended by the state legislature. The legislature annually sets the required employer contribution rate equal to the actuarially required employer contribution as set forth in R.S. 11:102. Employees contribute 8.25% (LCRRF) and 7.5% (LASERS) of covered salaries. The state is required to contribute 10% of covered salaries to LCRRF and 12.4% of covered salaries to LASERS. The court's employer contributions to LCRRF for the years ended June 30, 1999, 1998, and 1997, were \$35,155, \$33,134, and \$25,692, respectively, and to LASERS for the years ended June 30, 1999, 1998, and 1997, were \$166,811, \$155,722, and \$160,878, respectively, equal to the required contribution for each year for each retirement system.

**4. POSTEMPLOYMENT HEALTH CARE  
AND LIFE INSURANCE BENEFITS**

The court provides certain continuing health care 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 an insurance company whose monthly premiums are paid jointly by the employee and the court. The court recognized the cost of providing these benefits (court's portion of premiums) as an expenditure when paid during the year, which totaled \$128,246 for the year ended June 30, 1999. 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, 1999, the cost of retiree benefits for 11 retirees totaled \$17,202, which was paid with state appropriated funds.

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

Obligations and losses arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund or the state General 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 self-insurance program.

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Notes to the Financial Statements (Concluded)

**6. LEASE OBLIGATIONS**

The court has no capital lease agreements for the fiscal year ended June 30, 1999.

On July 1, 1986, the court entered an operating lease with the Parish of Jefferson for rental on the fourth floor of the Gretna Courthouse Annex Building and for 40 parking spaces. A new lease agreement was entered into on October 12, 1993, and established rental payments at \$183,400 per year, payable by the court to the parish on a quarterly basis. The agreement terminates when the court elects to vacate the premises or when a permanent facility is available.

**7. COMPENSATED ABSENCES**

The liability for unused leave payable at June 30, 1999, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated at \$4,547. The leave payable is not recorded in the accompanying financial statements.

**8. RESERVED FUND BALANCES**

The Appropriated Fund - General Appropriation has a reserved fund balance totaling \$29,979. These funds are for prepaid expenditures for the 1999-2000 fiscal year.

As shown on Statement A, the Non-Appropriated Fund - Fee Account has a reserve of \$500,000 for the initial funding of a capital outlay project for a new Fifth Circuit Court of Appeal building. The remaining \$818,054 is reserved for continuing operations and may be retained and used to defray the expenditures of the court as prescribed by R.S. 13:352.

**9. DEFERRED COMPENSATION PLAN**

Certain 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.

**10. RELATED PARTY TRANSACTIONS**

Judge Edward Dufresne of the court has a partial interest in the Esperanza Land Company. The court rents office space at a cost of \$500 per month from this company for Judge Dufresne's office in St. Charles Parish. Payments for the office space for the year ended June 30, 1999, totaled \$6,000. The rent for office space was terminated on July 1, 1999.



**OTHER REPORT REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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



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LEGISLATIVE AUDITOR

November 22, 1999

Report on Compliance and on Internal Control Over Financial  
Reporting Based on an Audit of the Special Purpose Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**COURT OF APPEAL, FIFTH CIRCUIT**  
**STATE OF LOUISIANA**  
Gretna, Louisiana

We have audited the special purpose (legal basis) financial statements of the Court of Appeal, Fifth Circuit, a court within Louisiana state government, as of and for the year ended June 30, 1999, and have issued our report thereon dated November 22, 1999. 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 Court of Appeal, Fifth Circuit's special purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Court of Appeal, Fifth Circuit's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or 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. We noted no matters involving the court's internal control over financial reporting and its operations that we consider to be material weaknesses.

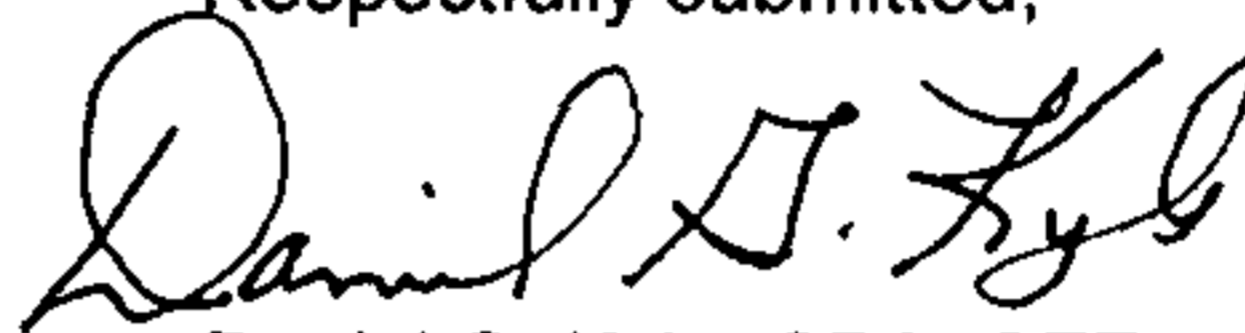
**EXHIBIT A**

LEGISLATIVE AUDITOR

COURT OF APPEAL, FIFTH CIRCUIT  
STATE OF LOUISIANA  
Compliance and Internal Control Report  
November 22, 1999  
Page 2

This report is intended solely for the information and use of the Court of Appeal, Fifth Circuit and its management and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Daniel G. Kyle". The signature is written in a cursive style with a large initial "D".

Daniel G. Kyle, CPA, CFE  
Legislative Auditor

KML:JR:RCL:dl

[5CIRCRT]

EXHIBIT A