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# Comprehensive Annual Financial Report



For the Years Ended  
December 31, 2003 and 2002

Judicial Expense Fund for the  
Civil District Court for the  
Parish of Orleans, State of Louisiana

Prepared by  
**Diane B. Allison, CPA**  
Chief Accountant

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

Release Date: 7-28-04

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## INTRODUCTORY SECTION



# Judicial Expense Fund

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May 8, 2004

To: Chief Judge Carolyn W. Gill-Jefferson  
The Judges *En Banc* of the Judicial Expense Fund  
The Supreme Court of the State of Louisiana  
Citizens of the Parish of Orleans and the State of Louisiana

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the financial condition of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, also including First and Second City Courts, Recorder of Mortgages, and Registrar of Conveyances for the City of New Orleans (the Judicial Expense Fund), for the fiscal years ended December 31, 2000 and 2001. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514.

The CAFR includes the implementation of the new financial reporting model required by GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The required date for the Judicial Expense Fund to implement this new accounting model is for the 2003 fiscal year, but the Judicial Expense Fund implemented the standard two years earlier, for the 2001 fiscal year, because management believes the new financial reporting model offers more complete and useful information than the prior reporting model.

The Judges *En Banc* of the Judicial Expense Fund are responsible for the accuracy, completeness and fair presentation of the data, representations, and disclosures presented in the CAFR. To the best of our knowledge and belief, the data presented are accurate in all material respects, reported in a manner designed to fairly present the financial position and results of operations, and provide disclosures necessary to enable the reader to gain an understanding of the financial activities and condition of the Judicial Expense Fund.

The CAFR is comprised of the following three sections:

- The **Introductory section**, which begins on page 1, contains background and organizational information and summarizes current initiatives;
- The **Financial section**, beginning on page 10, includes the independent auditors' report, Management's Discussion and Analysis, government-wide financial statements, fund-level financial statements, notes to the financial statements, and supplementary information; and
- The **Statistical section**, beginning on page 60, presents historical financial data.

In August, 2003 the GASB issued a proposed statement, *Economic Condition Reporting: The Statistical Section*, which amends National Council on Governmental Accounting Statement 1, *Governmental Accounting and Financial Reporting Principles*, in effect since 1980. The proposed statement modifies and updates information reported in the statistical section of a CAFR to make this information more useful to readers as well as increase comparability across governments and consistency in reporting. The statistical tables presented in this CAFR comply with GASB's proposed statement.

GASB Statement Number 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page 13 immediately following the independent auditors' report, and should be read in conjunction with it.

#### **Independent Audit**

These financial statements have been audited by the firm of Bruno & Tervolin LLP, Certified Public Accountants, located in New Orleans, Louisiana. The goal of the independent audits was to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal years ended December 31, 2003 and 2002 are free of material misstatement. The independent audits involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audits, that there was a reasonable basis for rendering an unqualified opinion, that the financial statements of the Judicial Expense Fund for the years ended December 31, 2003 and 2002 are fairly presented in accordance with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

### Accounting Control

Management is responsible for establishing and maintaining internal control designed to ensure that assets are protected from loss, theft, or misuse and that adequate accounting data are compiled to provide for the preparation of financial statements in conformity with GAAP. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the Judicial Expense Fund adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

### Profile of the Judicial Expense Fund

The Louisiana State Constitution of 1879 created the Judicial Expense Fund, which includes a district court (Orleans Parish Civil District Court); two city courts (First City Court and Second City Court of New Orleans); and two city offices (the Recorder of Mortgages and the Register of Conveyances of New Orleans). The Judicial Expense Fund processes the most civil filings of all the 41 judicial districts in the State of Louisiana. Management's Discussion and Analysis includes a description of the financial reporting entity, and NOTE 1 explains the significant accounting policies.

Revenues for the Judicial Expense Fund are comprised primarily of filing fees paid by attorneys and litigants; the Judicial Expense Fund does not receive any tax revenues. At December 31, 2003 and 2002 the Judicial Expense Fund did not have any debt, and all of the Fund Balance is unreserved. In addition, management was of the opinion that the Judicial Expense Fund was not required to adopt a budget, so no budget was adopted.

As the Organizational Chart on page 9 shows, the fourteen judges of Civil District Court, the three judges of First City Court, and the judge of Second City Court form the *Judges En Banc*, which is charged with managing the Judicial Expense Fund in accordance with Louisiana Revised Statutes, Title 13, section 1312. The names of these principal officials can be found on page 8 following this letter. All eighteen judges are elected for six year terms. The terms of the fourteen judges of Civil District Court expire on December 31, 2008; the terms of the three First City Court judges expire on December 31, 2004; and the term of the Second City Court judge expires on December 31, 2007. As of this writing, there are vacancies in the judgeships for Divisions C and M of Civil District Court, which will be filled by elections in the fall of 2004.

### **Factors Affecting Financial Condition**

The state of the local or national economy does not have a significant overall effect on the program revenues of the Judicial Expense Fund. New suits filed in the three courts over the past ten years ranged from 46,276 in 1996 to 38,269 in 2003, a variance of 21%. However, as discussed on page 20 of Management's Discussion and Analysis, the amount of civil cases filed has decreased each year for the past two years, primarily due to tort reform in Louisiana. Generally, any change in revenue from court filings are offset by a corresponding change in revenues from real estate transactions which are filed in the two city offices, which results in a relatively steady revenue stream overall, as shown in the statistical table entitled Changes in Governmental Fund Balance on page 63. The main effect a slowing national economy has is reduced interest income earned on funds on deposit, which comprised 1.2% of total revenues in 2003 and 1.6% of total revenues in 2002.

### **Capital Improvement Projects**

The Judicial Expense Fund has two major capital improvement projects in process: (1) the \$3 million conversion of its obsolete mainframe computer, which began in 2000, and (2) the eventual construction of a new courthouse building which will better accommodate the citizens of Orleans Parish by allowing for the use of modern technology and supplying more space for court offices and records. Additional details on these projects can be found in Management's Discussion and Analysis.

### **Investments**

Currently, all funds are invested only in a money market account. NOTE 2 complies with GASB Statement Number 40 Deposit and Investment Risk Disclosures, and describes the risks associated with these invested funds.

### **Risk Management**

The Judges *En Banc* manage the Judicial Expense Fund's risks by purchasing commercial insurance policies, including coverage for general liability, property, crime, errors and omissions, professional liability, and workers compensation. Please see NOTE 9 on page 54 for information on when liabilities are recorded in the financial statements.

### **Pensions**

As is described in detail in NOTE 3 on page 41, employees of the Judicial Expense Fund participate in one of four multiple employer defined benefit retirement plans, depending on the employee's job. The Judicial Expense Fund does not guarantee the benefits issued by any of



these four pension plans. The employer contribution rates for three of the four pensions increased in 2003. NOTE 3 contains additional pension information, including employer and employee contribution rates.

### **Postemployment Benefits**

The Judicial Expense Fund has about 125 full-time positions, and around 30 temporary positions who work only over the summer months. Currently, the Judicial Expense Fund pays postemployment healthcare benefits for 59 retired employees. As NOTE 11 on page 55 describes, the costs of the healthcare paid for retired employees are financed and recorded on a pay-as-you-go basis (expensed in the month of coverage, during the retirement period of the employee). In February, 2003 the Governmental Accounting Standards Board issued an Exposure Draft proposing that employers record their cost of postemployment benefits during the period in which the employee worked and provided service to the organization, rather than during the period in which the employee is retired, using actuarially calculated data. At this time, the Judicial Expense Fund has not assessed the potential financial impact of implementing the proposed accounting standard, which would be applicable beginning with the 2004 fiscal year.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, Louisiana for its comprehensive annual financial report for the year ended December 31, 2002. This was the first year that the Judicial Expense Fund achieved this prestigious award in its 123 year history. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In July, 2002 the Judicial Expense Fund received a Certificate of Recognition from Tom L. Allen, CPA, Chairman of the Governmental Accounting Board, for the early implementation of GASB Statement Number 34. The Judicial Expense Fund was among the first 280 out of about 87,000 governmental entities in the United States and Canada to implement the standard. The Judicial Expense Fund was commended also by Edwin R. Murray, Louisiana State Representative, in November, 2002 for its early implementation.

Chief Judge Carolyn W. Gill-Jefferson et al  
May 8, 2004  
Page 6

I express my appreciation to Michelle R. Rodney, Judicial Administrator, for her support and encouragement in preparing this second comprehensive annual financial report. I also wish to thank the staff in the fiscal administration department for their contributions and hard work, as well as the Judges *En Banc* for their commitment to improving the financial reporting of the Judicial Expense Fund.

Sincerely,



Diane B. Allison, CPA  
Chief Accountant

DBA:s

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Judicial Expense Fund  
for the Civil District Court for the  
Parish of Orleans, Louisiana**

**For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2002**

*A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.*



A handwritten signature in black ink, appearing to read "Edward W. Haggerty".

President

A handwritten signature in black ink, appearing to read "Jeffrey P. Boren".

Executive Director

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

**PRINCIPAL OFFICIALS**

**2003 JUDGES EN BANC**

Judge's Name	Court	Division
Cassidy W. Gill Jefferson	Civil District Court	A
Rosemary Ledet	Civil District Court	B
Roland L. Belsome (1)	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Madeleine M. Landriau	Civil District Court	E
Yada T. Magee	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bagneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Nadine M. Ramsey	Civil District Court	J
Herbert A. Cade	Civil District Court	K
Kam A. Reese	Civil District Court	L
C. Hunter King (2)	Civil District Court	M
Ethel Simons Justice	Civil District Court	N
		<b>Section</b>
Charles A. Imbriosec	First City Court	A
Angelique A. Reed	First City Court	B
Sonja M. Spears	First City Court	C
Mary "K" Norman	Second City Court	

(1) Elected to the Fourth Circuit Court of Appeals effective March 27, 2004

(2) Removed from the bench effective October 21, 2003

**2003 PAROCHIAL OFFICIALS**

Name	Office
Dale N. Adkins	Clerk of Civil District Court
Ellen M. Hazen	Clerk of First City Court
Martin L. Broussard, Jr.	Clerk of Second City Court
Deziree M. Charbonnet	Recorder of Mortgages
Gasper J. Solitare	Register of Conveyances



**FINANCIAL SECTION**





Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Brown, CPA  
Melinda J. Tervalon, Jr., CPA  
Michael J. Morel, Jr., CPA  
Paul K. Smith, Sr., CPA

## INDEPENDENT AUDITORS' REPORT

The Honorable Judges of the  
Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana

We have audited the governmental activities and fund financial statements as listed in the Table of Contents, of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans (hereinafter collectively referred to as the JEF) as of and for the years ended December 31, 2003, and 2002. The governmental activities and fund financial statements are the responsibility of the JEF's management. Our responsibility is to express an opinion on the governmental activities and fund financial statements based on our audits.

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

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

The Honorable Judges of the  
Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana

In our opinion, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the JEF as of December 31, 2000, and 2001, and the changes in financial position of those activities and fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2004 on our consideration of the JEF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. Also, that report contained an instance of noncompliance and a reportable condition.

Management's Discussion and Analysis is not a required part of the governmental activities and fund financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were performed for the purpose of forming an opinion on the governmental activities and fund financial statements of the JEF taken as a whole. The supplementary information identified as Exhibits E through J is presented for purposes of additional analysis and is not a required part of the accompanying governmental activities and fund financial statements.



**INDEPENDENT AUDITORS' REPORT  
(CONTINUED)**

The Honorable Judges of the  
**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana**

Such information has not been subjected to the auditing procedures applied in the audits of the governmental activities and fund financial statements and, accordingly, we express no opinion on it.

Also, the accompanying information identified as Schedules I and II and Exhibits A, B, C, D and E is presented for purposes of additional analysis and is not a required part of the governmental activities and fund financial statements of the JEF. Such information has been subjected to the auditing procedures applied in the audits of the governmental activities and fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the governmental activities and fund financial statements taken as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS**

May 8, 2004

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

---

**Introduction to Financial Statements**

The **Judicial Expense Fund** complied with Governmental Accounting Standards Board Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, effective with the year ended December 31, 2001, two years before its required compliance date; therefore, these are the third financial statements prepared in this format. Management believes that GASB 34 financial statements provide useful information because these statements show not only the short-term results of operations (How much did fund balance change this year? How much is available to spend?) but also the long-term financial picture (How much has been spent on assets that will provide benefits in future years? What long-term financial commitments have been made?).

In GASB 34 terms, the **Judicial Expense Fund** has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a special-purpose government. The fund-level financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, shown on pages 27 through 29) show the results of operations and financial position using the *narrow financial resources* measurement focus and modified accrual basis of accounting, emphasizing the change in fund balance as a result of the current year's operations, as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Assets and Statement of Activities, shown on pages 25 and 26) show the results of operations and financial position using the *total economic resources* measurement focus and the accrual basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

The difference in *recognition focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund-level* statements are concerned with only *narrow* financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statement; government-wide financial statements include noncurrent assets and liabilities and their related expenses. For the Judicial Expense Fund at the *fund level*, the full purchase price of capital assets (\$844,376 in 2002 and \$250,492 in 2003) has been recorded as expenditures on the operating statement in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the government-wide statements focus on total economic resources, capital assets are shown as noncurrent assets on the Statement of Net Assets (with their related Accumulated Depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund-level Balance Sheet excludes noncurrent liabilities (\$36,520 in 2002 and \$55,717 in 2003), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect total economic resources, although not current financial resources.

The second difference between fund-level and government-wide financial statements is the basis of accounting, or the timing of the recognition of transactions and events. *Fund-level* statements use the *modified accrual* basis of accounting, which recognizes revenues when they are earned, only so long as they are collectible within the fiscal period, and expenditures when they are due (hence the elimination of long-term liabilities from the Balance Sheet). The government-wide financial statements use the *full accrual* basis of accounting; revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the receipt or disbursement. In layman's terms, fund-level financial statements focus on the current fiscal year, and the resources that are available and spendable, and government-wide statements focus on the overall economic position, both short and long term. Chart 1 summarizes these differences.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**CHART 1:**

**Overview of Difference in Fund-Level and Government-Wide Financial Statements**

	<u>Fund-Level</u>	<u>Government-Wide</u>
Statement of Financial Position	Balance Sheet	Statement of Net Assets
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement focus	Current financial resources	Total economic resources
Basis of accounting	Modified accrual	Accrual
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets and depreciation expense for the current year is recorded on the Statement of Activities; total Accumulated Depreciation expense is shown on the Statement of Net Assets

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**CHART 1, Continued:**

**Overview of Difference in Fund-Level and Government-Wide Financial Statements**

	<u>Fund-Level</u>	<u>Government-Wide</u>
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred	Shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities

The presentation of the two sets of financial statements is also different. On the fund-level, the Balance Sheet shows Assets, Liabilities, and Fund Balance, with a reconciliation to the Net Assets figure which appears at the bottom of the government-wide Statement of Net Assets. All assets and liabilities on the Balance Sheet are current. The government-wide Statement of Net Assets shows Assets and Liabilities, separated into current and noncurrent, and Net Assets (the difference between the two). All of the Judicial Expense Fund's net assets are unrestricted.

A significant difference lies in the presentation of the operating statement. The fund-level Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the fund balance reconciliation. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" as it begins with the expenses of each function, followed by program revenues (the specific revenues provided by users of the services), to arrive at Net Program Revenue (the difference between program revenues and

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

expenses). Reading down the net column, general revenues are added to calculate the change in net assets, which is reconciled to net assets at the end of the year. The five functions of the Judicial Expense Fund are (1) the fourteen divisions of Civil District Court; (2) three sections of First City Court; (3) Second City Court; (4) the office of the Recorder of Mortgages; and (5) the Office of the Register of Conveyances. General and administrative costs are allocated to the five functions based on that function's percent of total revenues derived from filing fees.

**How 2003 Compares with 2002 - Statement of Net Assets**

Chart 2 provides condensed information from the Statement of Net Assets for 2003 and 2002.

**CHART 2:  
Statement of Net Assets Comparative Data**

	2003	2002	Variance Increase (Decrease) Amounts	Variance Increase (Decrease) Percent(%)
Capital assets (net)	\$ 970,548	\$1,019,431	\$ (48,883)	(4.8)
Other assets	<u>8,113,338</u>	<u>8,827,978</u>	<u>(714,641)</u>	(8.1)
Total assets	9,083,886	9,847,409	(763,523)	(7.8)
Noncurrent liabilities	55,717	56,520	(803)	(1.4)
Other liabilities	<u>1,174,511</u>	<u>1,265,636</u>	<u>(91,125)</u>	(7.2)
Total liabilities	<u>1,230,228</u>	<u>1,322,146</u>	<u>(91,918)</u>	(7.0)
Unrestricted net assets	<u>\$8,853,658</u>	<u>\$8,525,263</u>	<u>\$328,395</u>	(3.8)

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

---

The largest portion of the change in net capital assets is attributed to the four-year project of converting the obsolete 1987 WANG mainframe computer, containing information on court filings, to an Internet-based application which retrieves information over ten times faster and allows for expansion as filings increase. In 2001 \$163,620 was spent on the planning phase. In 2002 \$666,348 was spent to convert the computer systems in the offices of the Recorder of Mortgages and Register of Conveyances. In 2003 \$244,916 was spent to enhance the two already converted offices and to convert First City Court's computers. In 2004 it is estimated that \$1,790,000 will be spent to enhance the system in First City Court and convert the computer system in Civil District Court, the largest of the four offices. At this time the WANG conversion project is estimated to cost a total of \$2,774,884 and to be completed late in 2004.

A second technology project, which began in 2002, was completed in 2003: that of implementing a real time court reporting system in the court divisions. This technology provides for the immediate transcription of the court reporter's dictionary into English, enabling the judge to read court proceedings as they are occurring and expediting the process of providing transcriptions to interested parties. In 2003 \$21,361 was spent on five divisions, compared with \$65,095 which was spent in 2002. By the end of 2003 this technology had been fully implemented in nine and partially implemented in four of the sixteen court divisions.

The two items comprising the decline in other liabilities are Trade Accounts Payable and Salaries Payable. Trade Accounts Payable are \$26,778 lower in 2003 than in 2002 due to lower operating expenses in December, 2003 than in December 2002. Salaries Payable decreased by \$18,086 from 2002 to 2003 due to a slight decline in the number of people on payroll at December 31, 2003. Unrestricted net assets declined by the amount of the operating deficit incurred in 2003.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**How 2003 compares with 2002 - Statement of Activities**

Chart 3 below gives comparative data from the Statement of Activities for the years ended December 31, 2003 and 2002:

**CHART 3:  
Statement of Activities Comparative Data**

	2003	2002	Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percentage
Program revenues	\$16,189,857	\$15,587,875	\$699,982	4.5
General revenues	281,127	368,876	(87,749)	(23.2)
<b>Total revenues</b>	<b>16,399,984</b>	<b>15,776,751</b>	<b>623,233</b>	<b>4.0</b>
<b>Expenses:</b>				
Civil District Court	10,148,615	9,696,449	452,166	4.7
First City Court	2,402,188	2,437,749	(35,561)	(1.5)
Second City Court	523,841	479,189	44,652	9.3
Recorder of Mortgages	2,016,521	1,998,478	18,043	0.9
Registrar of Conveyances	1,385,715	1,548,511	(162,796)	(10.5)
<b>Total expenses</b>	<b>14,481,880</b>	<b>15,888,367</b>	<b>(1,406,487)</b>	<b>(9.5)</b>
<b>Change in net assets</b>	<b>(81,896)</b>	<b>(111,616)</b>	<b>29,720</b>	<b>(26.6)</b>
<b>Ending net assets</b>	<b>\$ 4,809,128</b>	<b>\$ 4,920,744</b>	<b>\$ (111,616)</b>	<b>(2.3)</b>



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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Program revenues increased in 2003 as a result of a 30% fee increase which became effective on August 1, 2003. The last time filing fees were increased was in 1998. In the first quarter of 2003 the Judges *En Banc* received notice that operating expenses would exceed revenues in 2003 due, particularly, to increases in employer pension contributions and rising employee health care costs. To reduce the operating deficit the judges instituted numerous cost-cutting measures in May, 2003, as well as the fee increase which became effective on August 1, 2003.

In March 2003, the Judicial Expense Fund began receiving revenue from a *pass-through grant* to provide services in conjunction with the Comprehensive Domestic Violence Grant to encourage arrest policies and enforcement of protective orders. The grant is from the United States Department of Justice to the City of New Orleans. As a result of receiving this *pass-through grant* the Judicial Expense Fund began employing a domestic violence coordinator in March, 2003. The amount of the grant was \$35,400 in 2003, which was renewed for 2004. In 2003 program revenues from this grant amounted to \$30,890.

The decline in general revenues is due, primarily, to a decline in interest income earned on idle funds. In 2003 the highest interest rate earned was 1.82% in March, declining to a low of 1.21% for the year in December. Rates declined dramatically in 2003, when the highest rate earned was only 1.18% in January, declining to .90% in both July and December, 2003. These low interest rates act as a two-edged sword for the Judicial Expense Fund: on the one side they cause interest income to decline, but on the other side they cause an increase in filings in the Office of the Recorder of Mortgages and Registrar of Conveyances as many homeowners refinance their mortgages at lower interest rates or purchase property. In addition, Louisiana Revised Statutes, Title 13, Section 1305 requires that the Judicial Expense Fund receive one-half of the interest earned on funds on deposit in the Clerk of Civil District Court's Registry of Court fund: the amount of this interest income declined by \$8,973, or 4%, in 2003 due to the lower interest rates (see NOTE 6).

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

Total expenses increased by 3.8% in 2003. The largest component of the increase in expenses is employee cost: salaries were \$230,367 higher in 2003 than they were in 2002, an overall increase of 2%. In addition to the salary increases, the employer contribution rates for three of the four pensions in which the Judicial Expense Fund employees participate increased in 2003 (see NOTE 3). The higher contribution rates, coupled with the modest increase in salaries, caused pension contributions to increase by \$80,697 from 2002 to 2003, an increase of almost 10%.

The cost of health and life insurance coverage for employees increased starting in July, 2000. Not only did the premium cost increase by 28%, but the employer's share of the total cost of the insurance premium increased from 65% to 75% per Louisiana Revised Statutes, Title 42, Section 831(D)(2)(c), causing the employer to bear most if not all of the burden of the premium increase. The cost to the Judicial Expense Fund of these premium and rate increases was \$168,937 in 2003. In 2002 the Judicial Expense Fund was required to pay a one-time health insurance premium rate adjustment of \$149,802.

The largest portion of the increase in Books, Printing and Copying is the resumption of the digital conversion project in the office of the Clerk of Civil District Court. This project, which began in the fall of 1999, involves the conversion of paper case files into optical images stored and indexed on compact disks, enabling faster research and retrieval. In 1999 the Judges *En Banc* designated \$500,000 of the unrestricted fund balance for this project; to date \$416,642 has been spent (\$45,000 in 1999; \$180,000 in 2000; \$75,000 in 2001; and \$116,642 in 2003).

In the office of the Recorder of Mortgages some documents which are filed in the office of another government (Notarial Archives) are also being optically imaged, which enables researchers to electronically view these documents in the Mortgage office instead of having to go to the office of the other government. In 2003 \$25,068 was spent on this project.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Printing costs** increased in 2003 due to the resolution of a \$24,890 2002 invoice to print Civil District Court file jackets, as well as \$9,943 to print division cards, an infrequent printing expense.

**Communication expenses** increased in 2003 due to the \$10,939 cost of installing a high-speed T-1 data line throughout the Civil Courts building, which is part of the conversion of the WANG computer mentioned on page 18. **Facilities costs** decreased in 2003 due to a \$116,424 decrease in building maintenance and renovation in anticipation of moving into a new courthouse building in the near future.

The **Judicial Expense Fund** paid \$38,639 more for insurance coverages in 2003, an overall increase of 34% over the cost of premiums in 2002. The reasons for this increase are due to the state of the international insurance market as a whole, which is still recovering from the cost of the September 11, 2001 terrorist attacks, the single largest insured event ever, as well as low returns from investments in the stock market, declining interest income, and bankruptcies and mergers among insurance underwriters.

**Professional Education and Dues** costs decreased by \$26,454, or 12%, one of the cost-cutting measures instituted in May, 2003. **Legal fees** increased in 2003 as the **Judicial Expense Fund** responded to five suits naming some of its elected officials as defendants; all five of these suits were deemed frivolous and were subsequently dismissed, with one matter pending appeal. The **Judicial Expense Fund** paid \$77,426 in professional fees associated with the planning and spatial programming of a new courthouse building, the topic of serious discussion since 2000. In 2003 \$34,955 in accounting and auditing fees were paid for the audit of both the First City Court's and Second City Court's Registry of Court funds for the seven fiscal years of 1996 through 2002 (see NCITE 6).

While total expenses increased by \$597,113 in 2003 as shown in Chart 3, First City Court experienced a decrease of \$55,561 in expenses while expenses for the remaining four functions increased. First City Court's decrease in expenses is primarily due to a 2% decrease in the percent of general and administrative expenses allocated to this function.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

---

**Overall Analysis**

2003 saw a decline in the number of civil cases filed coupled with a 4% increase in operating expenses, which led to the first filing fee increase in five years. Facing significant increases in employee and technology costs, and progressing with plans to construct a new courthouse building, the Judges *En Banc* instituted a hiring freeze, eliminated nine positions, discontinued two employee benefits, and reduced division expenses in an effort to reduce operating expenses. Those efforts were successful: between April and December of 2003 the year-to-date deficit was reduced by \$345,054, so that the 2003 fiscal year ended with a 1.2% decrease in net assets, smaller than the 1.6% decrease in net assets in 2002, while preserving the cash balance.

The decline in civil cases filed, a trend which began in 2001 (see the statistical table on pages 71 and 72), is due to two factors: tort reform and a slow economy. Following a national tort reform trend over the past few years in Louisiana, laws were changed which essentially eliminated "flip and fail" as well as many product liability lawsuits. In a slow economy, more litigants file *In Forma Pauperis*, which leads lawyers to file less suits due to the increased risk of not being compensated for their services. In addition, recently some groups have begun to encourage parties to settle their disagreements before filing litigation, which contributed to the decline in the number of cases filed.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

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**Significant Events**

The Judges *En Banc* remain committed to the construction of a new, modern courthouse building, able to accommodate current technology and better serve citizens, the legal community, jurors and employees. The New Orleans Justice Center, as the project is named, will be located at 301 Loyola Avenue in New Orleans, the current site of the Supreme Court of Louisiana. As of March, 2004 the estimated cost to the **Judicial Expense Fund** of this project is \$77 million, with construction scheduled to begin in mid-2005 and finish in the fall of 2007. Various consultants have been retained and discussions regarding the issuance of bonds are ongoing.

Since management was of the opinion that the **Judicial Expense Fund** was not required to adopt a budget, there are no comparisons between budgeted and actual results. The **Judicial Expense Fund** does not have any infrastructure assets, nor does it have any long-term debt other than Compensated Absences and a retirement accrual which were discussed previously. Since the **Judicial Expense Fund** has only one fund, the General Fund, no fund analysis is necessary as this entire discussion pertains to this single General Fund.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2000 AND 2002**

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>	
	<b>2000</b>	<b>2002</b>
<b>Current Assets:</b>		
Cash and temporary cash investments (NOTE 1)	\$6,413,930	\$6,424,870
Accounts receivable	198,700	296,089
Interest receivable (NOTE 4)	110,654	144,927
Prepaid expenses	<u>63,880</u>	<u>63,881</u>
Total current assets	6,887,164	6,930,767
<b>Noncurrent Assets:</b>		
Capital assets, net of accumulated depreciation (NOTE 4)	<u>509,348</u>	<u>1,028,621</u>
Total noncurrent assets	<u>509,348</u>	<u>1,028,621</u>
Total assets	7,396,512	7,959,388
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	434,610	494,791
Supreme Court Bonds payable	33,144	41,136
Accrued salaries and benefits payable	<u>151,658</u>	<u>265,723</u>
Total current liabilities	<u>619,412</u>	<u>799,650</u>
<b>Noncurrent Liabilities:</b>		
Compensated absences payable (NOTE 12)	58,154	51,981
Other liabilities (NOTE 12)	<u>3,562</u>	<u>4,538</u>
Total noncurrent liabilities	<u>61,716</u>	<u>56,519</u>
Total liabilities	<u>681,128</u>	<u>856,169</u>
<b>NET ASSETS</b>		
Invested in capital assets	1,761,192	1,456,860
Unrestricted (NOTE 7)	<u>5,635,320</u>	<u>6,502,521</u>
Total net assets	<u>\$6,396,512</u>	<u>\$7,959,388</u>

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

**JUDICIAL EXPENSE FUND**  
**FOR THE**  
**CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2002**

Function	2001				2002			
	Revenues	Program Revenues	Net (Expense) Revenues and Changes in Net Assets	Expenditures	Program Revenues	Net (Expense) Revenues and Changes in Net Assets	Expenditures	Program Revenues
Civil District Court	\$10,146,623	\$ 8,313,628	\$ 18,000	\$ 6,896,469	\$ 8,316,981	\$ 1,486,458		
Fine City Court	2,492,188	2,493,881	-	2,492,799	2,431,180	(36,389)		
Second City Court	372,641	268,144	-	478,180	192,976	(285,204)		
Recorder of Mortgages	2,816,971	4,899,979	-	1,869,478	3,492,990	1,714,482		
Register of Conveyances	1,899,734	1,492,384	-	1,346,921	1,293,785	(53,132)		
<b>Total</b>	<b>\$18,638,157</b>	<b>\$18,568,016</b>	<b>\$18,000</b>	<b>\$13,883,747</b>	<b>\$15,927,912</b>	<b>(180,893)</b>		
General Revenues								
Interest Income								
Other Income								
<b>Total general revenues</b>								
Change in net assets								
Net assets, beginning of the year								
Net assets, end of the year								

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

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
BALANCE SHEET—GOVERNMENTAL FUND  
DECEMBER 31, 2003 AND 2002**

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<b>ASSETS</b>		
	<b>2003</b>	<b>2002</b>
Cash and temporary cash investments	\$6,411,528	\$6,424,872
Accounts receivable	155,799	248,889
Interest receivable	133,854	144,827
Prepaid expenses	<u>61,585</u>	<u>63,811</u>
Total assets	<b><u>\$6,803,766</u></b>	<b><u>\$6,882,400</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ 434,813	\$ 434,791
Supreme Court funds payable	21,344	41,110
Salaries and benefits payable	<u>351,854</u>	<u>368,732</u>
Total liabilities	<b><u>808,011</u></b>	<b><u>844,633</u></b>
<b>FUND BALANCE</b>		
Designated for subsequent years' special projects	5,608,800	5,608,800
Unreserved	<u>294,947</u>	<u>433,960</u>
Total fund balance	<b><u>5,903,747</u></b>	<b><u>6,042,760</u></b>
<i>Accounts reported for governmental activities</i>		
<i>in the Statement of Net Assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund at the fund level.	578,948	1,009,451
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund at the fund level.	<u>(35,717)</u>	<u>(48,520)</u>
Net assets	<b><u>\$6,908,038</u></b>	<b><u>\$6,998,237</u></b>

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



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	2003	2002
<b>REVENUES</b>		
Filing fees	\$16,130,382	\$15,455,440
Interest income	194,713	256,016
Revenue account fees	48,423	38,275
Other income	<u>36,464</u>	<u>37,038</u>
Total revenues	<u>16,399,982</u>	<u>15,786,769</u>
<b>EXPENDITURES</b>		
<b>Direct:</b>		
Salaries	11,048,398	10,881,083
Employee benefits	2,663,746	2,538,386
Court stenographer and interpreter fees	14,647	16,536
Jurat meals and transportation	89,759	81,039
UCC filing fees	<u>53,385</u>	<u>59,380</u>
Total direct expenditures	<u>13,879,935</u>	<u>13,486,625</u>
<b>Indirect:</b>		
Books, printing and copying	564,036	333,907
Building and storage rental	232,649	143,213
Furniture, equipment and maintenance	195,289	202,808
Insurance	96,736	73,582
Office supplies and expenditures	213,183	372,690
Postage and courier	79,679	89,571
Professional services	283,800	174,822
Communication	331,472	338,443
Other expenditures	<u>16,188</u>	<u>13,097</u>
Page total	<u>1,915,112</u>	<u>1,607,830</u>

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

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE—GOVERNMENTAL FUND, CONTINUED  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>EXPENDITURES, CONTINUED</b>		
<b>Indirect:</b>		
Security fees	\$ 86,500	\$ 96,200
Professional education, dues and subscriptions	185,670	316,487
Capital expenditures	290,493	844,276
Building improvements and maintenance	<u>123,958</u>	<u>223,952</u>
Total indirect expenditures	<u>3,565,283</u>	<u>3,004,775</u>
Total expenditures	<u>16,437,800</u>	<u>16,481,400</u>
Change in fund balance	(37,696)	(714,649)
Fund balance, beginning of the year	<u>6,032,363</u>	<u>6,747,012</u>
Fund balance, end of year	<u>\$ 5,994,667</u>	<u>\$ 6,032,363</u>

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

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

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	2003	2002
Net change in fund balance	\$(37,816)	\$(714,648)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed accumulated depreciation in the current period.	(48,800)	618,979
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	____ 800	(16,140)
Change in net assets	<u>\$(25,820)</u>	<u>\$(112,810)</u>

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

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**JUDICIAL EXPENSE FUND  
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CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Summary of Significant Accounting Policies:**

**Background**

The Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the JEF) is designated by LSA-R.S. 13:1512 as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans and the First and Second City Courts of the City of New Orleans, and the offices of the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *En Banc* as set forth in LSA-R.S. 13:1512, have sole responsibility and oversight for the JEF. This responsibility and oversight includes control over all revenues deposited into the JEF by the aforementioned courts and offices, all disbursements made by the JEF, the setting of all fees charged by the courts and offices comprising the JEF, and the determination of expenses related to the operations of such courts and offices.

The accounting policies of the JEF conform to accounting principles generally accepted in the United States of America, as applicable to governmental agencies. The following is a summary of the most 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 as the primary government, which is considered to

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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

The Financial Reporting Entity, Continued.

be 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 fiscally independent of other state and local governments.

As previously discussed, state statute established the JEF as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans and the First and Second City Courts of the City of New Orleans, and the Recorder of Mortgages and the Registrar of Conveyances for the City of New Orleans which are separate and independent of any other governmental "reporting entity" as defined by GASB 14. In addition, the JEF is financially independent of other governments. Although the JEF 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 JEF's total revenues and expenditures and in view of the additions and improvements made to this building by the JEF from its operating revenues over the term of its occupancy which total in excess of \$3,813,232 for 2003 and \$2,889,724 for 2002.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all activities of the JEF. The JEF is considered to be a governmental activity of a special purpose government.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

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

***Government-Wide and Fund Financial Statements, Continued***

The JEP's Statement of Activities demonstrates the degree to which the expenses of a given function are offset by function revenues. Direct expenses are those that are clearly identifiable with a specific function. Indirect costs are included in expenses reported by function. Program revenues include filing and remote access fees and operating grants.

Separate financial statements are provided for the JEP's governmental fund. The JEP's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the JEP considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The JEP reports its governmental fund as follows:

***General Fund***

The General Fund is used to account for all financial resources of the JEP.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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

**General Fund, Continued**

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 Clerks of the Civil District Court, First City Court, Second City Court, and the offices of the Recorder of Mortgages and the Registrar of Conveyances.

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 JEF.

The judges receive no compensation for serving in their capacity as Judges *Ex Absc* of the Judicial Expense Fund for the Parish of Orleans.

Additionally, the JEF 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. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and the JEF (pursuant to LSA-R.S. 11:2152). For the years ended December 31, 2000, and 2002, the JEF paid \$70,548 and \$87,597, respectively for each of the four (4) city court judges for a total of \$282,188 and \$270,387, respectively in salaries to these judges.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

---

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

**Capital Assets**

The JEF's capitalization policy requires that all single assets costing \$1,500 or more be capitalized and depreciated over their useful lives. Single assets costing less than \$1,500 are expensed. All assets regardless of cost, are tracked. The straight-line method of depreciation is used for all classes of capital assets, and the allocation of depreciation expense begins on the first day of the quarter in which the capital asset is purchased. Leasehold improvements are amortized over the lesser of their useful lives or lease period. Based on its own experience, the JEF established the following useful lives for each asset class:

<u>Asset Class</u>	<u>Useful Lives in Years</u>
Computer Equipment	5
Computer Software	5
Office Equipment	5
Furniture and Fixtures	10
Leasehold Improvements	5

All capital assets acquired or donated are valued at historical cost or estimated historical cost if actual historical cost is not available.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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

**Budgets and Budgetary Accounting**

A budget was not adopted for the years ended December 31, 2003, and 2002, since management was of the opinion that the JEF was 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. See finding at reference number 2003-01.

**Compensated Absences**

It is the JEF's policy to permit some employees to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave for some employees may be carried forward from year to year, and is payable upon separation from service. Accrued leave earned but unused by those employees at December 31, 2003, and 2002, respectively has been included in the accompanying financial statements.

**Professional Education, Dues and Subscriptions**

It is the JEF's policy to limit expenses by each division of the Court for additional operating expenses. Such expenses may be made at the discretion of each presiding divisional judge in accordance with specific guidelines established by the JEF as to the purpose for which these expenses may be used and only for such expenses supported by proper documentation.

The specific guidelines established by the JEF permit use of such amounts for expenses directly associated with or incidental to legal or judicial matters and functions. These expenses are included in the General Fund of the accompanying financial statements of the JEF.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

*Comparative Data/Reclassifications*

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

*Governmental Accounting Standards Board (GASB) Numbers 25 and 27*

In November, 1994 the GASB issued Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. As such, the JEF's financial statements reflect the disclosure requirements of GASB Numbers 25 and 27.

*Prepaid Expenses*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund-level financial statements.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**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 maturities of three months or less.

At December 31, 2003, and 2002, the carrying amounts of the JEF's deposits were \$8,413,920 and \$8,424,872, respectively and the bank balances were \$6,377,236, and \$6,438,240, respectively. Of these amounts, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the JEF and the financial institution and held in safekeeping by the Federal Reserve Bank of Boston.

Custodial credit risk is the risk that, in the event of a failure by the financial institution, the JEF's deposits may not be returned to it. The JEF has no deposit policy for custodial credit risk; however, none of the JEF's bank balances were exposed to custodial credit risk, since the pledged securities were in the joint name of the JEF and the financial institution and were held in safekeeping by the Federal Reserve Bank of Boston.

Louisiana state law allows for the investment of 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 all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC 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 entity or with an unaffiliated bank or trust company for the account of the entity.

Deposits in excess of FDIC insurance were collateralized by the securities previously described.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans:**

**Plan Description**

The JEF 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 JEF's employees are covered by one of the available plans.

The respective plan benefits provisions are established and amended under the following manner:

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1540-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184
Employers' Retirement System of the City of New Orleans	City of New Orleans Code Chapter 114

Generally, eligibility to participate in one of the plans commences with full-time permanent 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.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

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, the 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 via contact as follows:

**Louisiana State Employees' Retirement System**  
8400 United Plaza Blvd.  
Baton Rouge, LA 70804-4213  
Telephone: (800) 256-3000  
Fax: (225) 823-6614  
Website: [laser.state.la.us](http://laser.state.la.us)

**Louisiana Clerks' of Court Retirement and Relief Fund**  
11745 Brickstone Avenue - Suite B-1  
Baton Rouge, LA 70816  
Telephone: (800) 256-6660  
Fax: (225) 291-7424  
Website: [lclerks@kofccourt.org](http://lclerks@kofccourt.org)

**Louisiana Sheriffs' Pension and Relief Fund**  
6154 Florida Boulevard - Suite 215  
Baton Rouge, LA 70806  
Telephone: (225) 823-0465  
Fax: (225) 823-6425

**City of New Orleans  
Employees' Retirement System**  
1340 Poydras Street - 8<sup>th</sup> Floor  
New Orleans, LA 70112  
Telephone: (504) 299-4150  
Fax: (504) 299-4162

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - Pension Plans, Continued:**

**Funding Policy**

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

Those plans in which the employees of the JEF participate and the specified contribution percentages at December 31, 2003 and 2002 are as follows:

2003	Employee	Employer
Louisiana State Employees Retirement System (LASERS) - Employees	7.50%	13.80%
Louisiana State Employees Retirement System (LASERS) - Judges	11.50%	15.80%
Louisiana Clerks' of Court Retirement and Relief Fund (Clerks)	8.25%	10.00%
Louisiana Sheriff's Pension and Relief Fund State of Louisiana (Sheriff)	9.80%	9.25%
Employees' Retirement System of the City of New Orleans (ERSCNO)	4.00%	7.50%



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3- Pension Plans, Continued:**

**Funding Policy, Continued**

	2002	
	Employee	Employer
Louisiana State Employees Retirement System (LASERS) - Employees	7.50%	13.00%
Louisiana State Employees Retirement System (LASERS) - Judges	11.50%	13.00%
Louisiana Clerks' of Court Retirement and Relief Fund (Clerks)	8.25%	10.00%
Louisiana Sheriff's Pension and Relief Fund State of Louisiana (Sheriffs)	9.80%	7.00%
Employers' Retirement System of the City of New Orleans (ERSCNO)	4.00%	8.00%

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the years ended 2003 and 2002 amounted to:

	2003	2002
LASERS	14.10%	13.00%
Clerks	14.32%	11.36%
Sheriffs	9.02%	7.69%
ERSCNO	Not available	7.99%

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3- Pension Plans, Continued:**

Funding Policy, Continued

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

The total payroll of the JEF for 2003 and 2002 amounted to \$11,047,795 and \$10,817,429, respectively. The JEF's contributions to the retirement system and the total covered payrolls by each retirement system by year are as follows:

	2003				Total
	LASERS	Clerks	Sheriffs	EBSCNO	
Total covered payroll	<u>\$2,317,904</u>	<u>\$2,269,686</u>	<u>\$671,803</u>	<u>\$1,818,786</u>	<u>\$10,178,058</u>
Employer contribution	<u>\$ 133,876</u>	<u>\$ 568,856</u>	<u>\$ 56,043</u>	<u>\$ 144,798</u>	<u>\$ 1,903,613</u>
Aggregate pension cost	<u>\$ 508,887</u>	<u>\$ 901,725</u>	<u>\$112,380</u>	<u>\$ 221,648</u>	<u>\$ 1,844,641</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

**NOTE 3 - Pension Plans, Continued:**

	2000				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	<u>\$2,036,878</u>	<u>\$3,257,630</u>	<u>\$886,173</u>	<u>\$1,935,814</u>	<u>\$8,926,487</u>
Employer contribution	<u>\$ 276,654</u>	<u>\$ 325,943</u>	<u>\$ 51,353</u>	<u>\$ 154,890</u>	<u>\$1,008,832</u>
Aggregate pension cost	<u>\$ 437,428</u>	<u>\$ 944,638</u>	<u>\$119,328</u>	<u>\$ 230,750</u>	<u>\$1,232,548</u>
	2001				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	<u>\$1,698,791</u>	<u>\$3,428,189</u>	<u>\$662,958</u>	<u>\$1,970,039</u>	<u>\$8,259,977</u>
Employer contribution	<u>\$ 220,843</u>	<u>\$ 550,343</u>	<u>\$ 45,090</u>	<u>\$ 147,608</u>	<u>\$ 972,284</u>
Aggregate pension cost	<u>\$ 358,617</u>	<u>\$ 978,126</u>	<u>\$107,227</u>	<u>\$ 333,813</u>	<u>\$1,677,333</u>

Aggregate pension costs for the respective years ended December 31, 2000, 2001, and 2001, were \$1,845,641, \$1,752,548, and \$1,677,333, respectively.

In accordance with LSA-R-S. 11:1563, if at any time monies in the state fund are not sufficient to pay each retiree and beneficiary the full amount to which he/she is entitled, equal percentages of the full amount shall be paid to each retiree and beneficiary until the fund is replenished so as to warrant resumption of the payment of the full amount to each retiree and beneficiary.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets:**

The following is a summary of capital assets for the years ended December 31, 2003 and 2002:

	Balance January 1, <u>2003</u>	Additions	Changes	Balance December 31, <u>2003</u>
Construction in progress	\$ 25,973	\$ -0-	\$(25,973)	\$ -0-
Computer equipment	734,655	67,099	-0-	801,754
Computer software	488,090	206,517	-0-	694,607
Office equipment	96,556	-0-	-0-	96,556
Furniture and fixtures	83,944	1,849	-0-	85,793
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
Sub-total	1,439,903	276,465	(25,973)	1,791,395
Less accumulated depreciation and amortization	<u>(631,472)</u>	<u>(289,325)</u>	<u>-0-</u>	<u>(920,797)</u>
Net	<u>\$ 808,431</u>	<u>\$ (12,860)</u>	<u>\$ (25,973)</u>	<u>\$ 770,548</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Continued:**

	Balance January 1, <u>2002</u>	<u>Additions</u>	Balance December 31, <u>2002</u>
Construction in progress	\$ -0-	\$ 25,973	\$ 25,973
Computer equipment	293,878	442,777	736,655
Computer software	193,582	294,838	488,420
Office equipment	58,808	37,748	96,556
Furniture and fixtures	60,389	23,555	83,944
Leasehold improvements	<u>-0-</u>	<u>19,685</u>	<u>19,685</u>
Sub-total	606,627	844,276	1,450,903
Less accumulated depreciation	(206,175)	(225,297)	(431,472)
Net	<u>\$ 400,452</u>	<u>\$ 618,979</u>	<u>\$ 1,019,431</u>

Depreciation and amortization expense charged to each function for the years ended December 31, 2000, and 2002, are as follows:

	<u>2002</u>	<u>2000</u>
Civil District Court	\$166,822	\$131,480
First City Court	43,825	36,540
Second City Court	5,934	2,804
Recorder of Mortgages	61,230	38,634
Register of Conveyances	<u>23,198</u>	<u>15,832</u>
	<u>\$299,175</u>	<u>\$225,297</u>

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 4 - Capital Assets, Continued:**

An analysis of changes in accumulated depreciation by asset classification for the years ended December 31, 2003 and 2002 follows:

	Balance January 1, 2003	Addition	Balance December 31, 2003	Balance January 1, 2002	Addition	Balance December 31, 2002
<b>Capital Asset Class</b>						
Computer equipment	\$241,258	\$154,778	\$396,029	\$107,888	\$123,470	\$231,590
Computer software	121,257	117,888	239,117	28,478	82,781	120,237
Office equipment	46,303	13,484	59,787	38,480	7,822	46,303
Furniture and fixtures	19,506	9,295	28,801	11,318	8,168	19,506
Leasehold improvements	3,878	3,812	7,612	—	3,078	3,878
	<u>\$431,472</u>	<u>\$398,257</u>	<u>\$829,727</u>	<u>\$186,175</u>	<u>\$225,287</u>	<u>\$411,472</u>

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

These additions and improvements are not included in the capital assets since the JEF does not own the building. Such building additions and improvements funded from operations of the JEF over its term of occupancy amount to \$3,013,232 and \$2,889,724 through December 31, 2003 and 2002, respectively. Building additions and improvements made for the years ended December 31, 2003 and 2002 amounted to \$123,508 and \$238,932, respectively, and are included in the accompanying financial statements of the JEF.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - Commitments:**

The JEF has agreed to make monthly payments to the widow of a former civil court judge who expired while in office in 1978. The payments are to continue for the remaining life of the widow. The annual amount of the payments totalled \$5,500 and \$6,417 for 2005 and 2006, respectively, and are reflected as an expense in the accompanying financial statements of the JEF.

**NOTE 6 - Registry of Court Funds:**

The Clerks of Civil District Court, First City Court and Second City Court each maintain a Registry of Court fund.

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 Clerk has responsibility solely for its own Registry of Court fund. The management of the JEF has no responsibility or authority with respect to these specific funds.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**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 fund for each respective court. The Clerks generally may only accept deposits into or disburse funds from the Registry of Court fund 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, LSA-R.S. 13:1305 authorizes the investment of those funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to the JEF as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to the JEF at December 31, 2000, and 2002, amounted to \$135,054 and \$144,027 and are included in the accompanying financial statements.



**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Designated Funds**

The Judges *Ex Bene* in 2002 directed the dedication of approximately \$5,600,000 from the unrestricted net assets for various special projects. At December 31, 2003 and 2002 the remaining balances, including any adjustments by project, are as follows:

PROJECT	DESCRIPTION	AMOUNT	
		2003	2002
WANG System Conversion	The Court is converting the old WANG System by replacing all hardware, software, and cables.	\$1,700,000	\$2,290,000
Optical Imaging System	The Clerk of Civil District Court is converting all paper documents into optical images that can be processed and accessed via computer. This process will enable faster research and retrieval of all documents filed in the Clerk's office.	150,000	350,000

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Designated Funds, Continued**

<b>PROJECT</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>	
		<b>2003</b>	<b>2002</b>
Building Improvements	The JEF plans to maintain the new floors recently installed in the building, continue to professionally clean the offices twice a year, power wash the building's exterior, and provide landscaping.	\$ -0-	\$ 50,000
New Courthouse Acquisition Fund	The JEF plans to purchase/build a new courthouse building since the 431 Loyola Avenue building is unable to provide the JEF with the space needed to expand.	3,150,000	3,000,000
	<b>Total designated</b>	<b><u>\$3,600,000</u></b>	<b><u>\$3,600,000</u></b>

It is the intent of the JEF to appropriate additional funds in the future.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 8 - Operating Leases**

The JEF is committed under various leases for office equipment and storage which expire in varying periods through 2008. The leases are considered for accounting purposes to be operating leases. Lease expenses for the years ended December 31, 2003 and 2002 were \$305,455 and \$202,968, respectively.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2004	\$243,187
2005	140,225
2006	102,617
2007	51,319
2008	<u>8,814</u>
Total	<u>\$546,162</u>

**NOTE 9 - Risk Management**

The JEF is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets for which the JEF 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.

For each of the years ended December 31, 2003, 2002 and 2001, no insurance settlements exceeded the amount of insurance coverage.

**NOTE 10 - Concentration of Credit Risk**

The JEF's principal source of revenues consist mainly of filing fees.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 11 - Post-Retirement Benefits:**

The JEF provides certain continuing health care, dental and life insurance benefits for its retired employees as provided by LSA-R.S. 17:1225. Substantially all of the JEF's employees become eligible for these benefits if they reach normal retirement age while working for the JEF. 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 JEF. Currently, the JEF provides post-employment benefits for fifty-nine (59) retired employees. The JEF recognizes the cost of providing these benefits (the JEF's portion of premiums) as an expense when the benefit premiums are due. In 2000 and 2002 the JEF's portion of healthcare, dental and life insurance benefit premiums for active and retired employees totaled \$957,470 and \$935,345, respectively.

**NOTE 12 - Changes in Noncurrent Liabilities:**

The following is a summary of changes in noncurrent liabilities for the years ended December 31, 2003, and 2002:

	-----2003-----			-----2002-----		
	Compensated Absences	Other Liabilities	Total	Compensated Absences	Other Liabilities	Total
Beginning of year	\$51,982	\$4,528	\$56,520	\$26,462	\$3,712	\$40,174
Additions	0-	825	825	15,520	825	16,346
Retirement	(1,628)	0-	(1,628)	0-	0-	0-
End of year	<u>\$50,354</u>	<u>\$5,353</u>	<u>\$55,717</u>	<u>\$51,982</u>	<u>\$4,528</u>	<u>\$56,520</u>

Of the total noncurrent liabilities of \$55,717 and \$56,520 at December 31, 2003 and 2002 \$1,628 and \$0- are due within one year of December 31, 2003 and 2002.

**NOTE 13 - Contingencies:**

The JEF is named in various suits. It is counsel's opinion at December 31, 2003 and May 1, 2004, of favorable outcome.

**SUPPLEMENTARY INFORMATION**

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011

REVENUES

	Civil District Court	First City Court	Second City Court	Recorder of Mortgages	Register of Commissions	Total
Filing fees	\$ 1,718,000	\$ 2,047,710	\$ 199,040	14,066,619	\$ 4,433,847	\$14,170,345
Parish income tax	24,024	6,158	261	12,358	4,338	46,845
Interest income	14,008	2,277	114	15,153	3,506	19,173
Other income	21,502	182	-	1,482	126	23,894
<b>Total revenues</b>	<b>\$1,818,534</b>	<b>\$2,056,227</b>	<b>\$200,495</b>	<b>\$14,122,212</b>	<b>\$4,477,724</b>	<b>\$6,399,984</b>

DEBILITY EXPENSES

Salaries	6,799,517	1,031,613	324,471	1,296,821	1,889,482	11,847,795
Employee benefits	1,911,212	285,469	130,186	267,265	289,219	2,883,346
Court reporters and transcribers	11,092	1,414	-	-	-	12,506
Room rental and transportation	89,719	-	-	-	-	89,719
CCC filing fees	-	-	-	53,262	-	53,262
<b>Total direct expenses</b>	<b>\$8,811,538</b>	<b>\$2,948,475</b>	<b>\$454,657</b>	<b>\$1,657,358</b>	<b>\$2,177,911</b>	<b>\$13,050,721</b>

**MUNICIPAL EXPENSE FUND  
FOR THE**

**CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
STATEMENT OF REVENUES AND EXPENSES CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**INDIRECT EXPENSES**

	Civil District Court	Dist. Div. Dist.	Judicial Ctr. Court	Recorder of Municipal	Register of Concessions	Total
Books, printing and copying	\$ 436,411	\$ 61,487	\$ 6,664	\$ 43,173	\$ 13,370	\$ 561,005
Banking and personnel	45,000	10,810	1,201	21,821	7,773	86,505
- security	167,715	21,891	11,403	9,793	211,473	412,275
- communications	166,422	43,624	5,004	61,230	23,166	299,526
- depreciation	278,360	42,278	4,945	23,046	7,164	356,793
- facilities	123,943	19,841	7,079	24,885	11,645	187,394
- furniture, equipment and	57,289	12,845	3,691	17,278	6,213	87,315
- inventory	142,495	25,591	4,507	25,271	9,278	207,142
- office supplies and expenses	44,358	15,128	2,234	13,462	3,894	79,076
- postage and courier	113,790	25,034	10,245	6,308	7,889	163,266
- professional education and	142,407	22,998	27,099	45,175	14,112	252,891
- dues	6,028	3,472	442	641	1,262	11,845
- professional services	4,202,620	210,112	18,114	119,113	112,920	4,762,980
- other expenses	18,198,612	2,492,158	122,245	2,614,221	2,268,112	26,105,348
Total indirect expenses	41,256,320	5,240,470	9,211,901	42,181,126	4,770,009	97,661,826
Total expenses						
Excess revenues over						
- indirect expenses						

**JUDICIAL EXPENSE FUND**  
FOR THE  
**CIVIL DISTRICT COURT**  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2001

**REVENUES**

	Civil District Court	Dist. Cir. Court	Social. Dis. Court	Recorder of Mortgages	Register of Conveyances	Total
Filing fees	\$ 1,143,340	\$ 1,443,234	\$ 181,777	\$ 1,411,887	\$ 1,289,982	\$ 15,435,449
Revenue return fees	31,149	5,738	-	4,358	3,141	48,379
Interest income	327,414	18,192	-	23,334	4,871	373,811
Other income	<u>11,482</u>	<u>2,611</u>	<u>2,802</u>	<u>5,643</u>	<u>1,328</u>	<u>13,028</u>
<b>Total revenues</b>	<b>\$ 1,513,385</b>	<b>\$ 1,470,067</b>	<b>\$ 184,579</b>	<b>\$ 1,435,522</b>	<b>\$ 1,300,223</b>	<b>\$ 15,726,651</b>

**EXPENDITURES**

Salaries	\$ 6,985,747	\$ 1,714,231	\$ 11,181	\$ 1,288,728	\$ 666,536	\$ 10,817,433
Employee benefits	1,413,446	271,267	394,434	249,594	262,713	2,591,538
Court reporters and transcription	15,411	1,305	-	-	-	16,716
Auto maintenance and transportation	11,219	-	-	-	-	11,219
CCC filing fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,251</u>	<u>-</u>	<u>30,251</u>
<b>Total direct expenses</b>	<b>\$ 9,425,823</b>	<b>\$ 2,006,823</b>	<b>\$ 405,615</b>	<b>\$ 1,538,623</b>	<b>\$ 929,249</b>	<b>\$ 13,296,133</b>



**FINANCIAL STATEMENT FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
STATEMENT OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2002**

EXPENSES	Civil District Court	First City Court	Second City Court	Revenue of Municipalities	Reimburse of Commission	Total
Books, printing and copying	\$ 394,000	\$ 25,720	\$ 4,419	\$ 16,129	\$ 15,210	\$ 516,219
Building and personal society	51,208	14,348	6	26,687	7,666	99,208
Communications	170,000	14,901	6,237	10,400	4,178	216,430
Depreciation	131,480	36,546	3,094	30,600	13,009	219,239
Furniture	311,781	82,443	11,293	32,364	8,179	498,060
Furniture, equipment and utilities	113,009	31,419	8,484	21,241	10,192	204,345
Insurance	41,737	62,341	3,493	6,226	6,226	114,023
Office supplies and expenses	140,015	42,211	4,899	56,903	12,997	266,925
Postage and courier	49,110	13,237	1,892	11,434	3,488	89,371
Professional education and fees	115,000	37,488	6,463	9,871	3,281	202,123
Professional services	101,210	32,917	2,760	21,883	9,267	178,037
Other expenses	8,642	4,360	461	1,800	302	15,565
<b>Total indirect expenses</b>	<b>1,450,438</b>	<b>479,115</b>	<b>53,642</b>	<b>309,683</b>	<b>87,479</b>	<b>2,380,357</b>
<b>Total expenses</b>	<b>3,096,449</b>	<b>2,452,328</b>	<b>478,118</b>	<b>1,998,478</b>	<b>1,388,041</b>	<b>13,498,182</b>
Excess revenues over (under) expenses	<b>93,099,039</b>	<b>3,478,660</b>	<b>1,470,400</b>	<b>9,685,449</b>	<b>3,444,429</b>	<b>3,411,200</b>

**STATISTICAL SECTION**

**EXHIBIT A**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
NET ASSETS  
LAST THREE YEARS**

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(1) Year	(2) Invested in Capital Assets	Unrestricted	Restricted	Total Net Assets
2001	\$ 808,627	\$8,200,683	\$-0-	\$7,107,290
2002	1,450,983	5,544,371	-0-	6,999,274
2003	1,701,395	5,207,983	-0-	6,908,378

(1) Full accrual basis of accounting

(2) Invested in capital assets are net of related debt

(3) GASB 34 was implemented in 2001

## EXHIBIT B

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
CHANGE IN NET ASSETS  
LAST THREE YEARS**

	2001	2002	2003
<b>Expenses:</b>			
Civil District Court	\$ 2,858,880	\$ 2,696,449	\$19,140,613
First City Court	2,344,138	2,457,749	2,482,188
Second City Court	487,252	479,188	522,641
Recorder of Mortgages	1,568,635	1,668,478	2,004,371
Register of Conveyances	1,279,081	1,246,911	1,385,713
<b>Total expenses</b>	<b>14,527,185</b>	<b>15,550,785</b>	<b>18,485,526</b>
<b>Program Revenues - Charges for Services:</b>			
Civil District Court	8,353,918	8,386,891	8,353,628
First City Court	2,215,496	2,151,160	2,093,891
Second City Court	318,591	192,876	389,144
Recorder of Mortgages	3,096,362	3,482,868	4,098,909
Register of Conveyances	1,213,182	1,293,788	1,462,285
	14,899,549	15,507,875	16,188,907
<b>Program Revenues - Operating Grants:</b>			
Civil District Court	-----0-	-----0-	20,000
<b>Total program revenues</b>	<b>14,899,549</b>	<b>15,507,875</b>	<b>16,188,907</b>
<b>Net Revenues (Expenses):</b>			
Civil District Court	(795,662)	(1,309,558)	(1,764,818)
First City Court	(128,642)	(306,589)	(348,297)
Second City Court	(168,761)	(286,284)	(122,897)
Recorder of Mortgages	1,429,787	1,774,452	2,082,418
Register of Conveyances	(165,898)	(133,123)	66,851
	(82,174)	(189,892)	287,021
<b>General Revenues:</b>			
Interest	475,624	256,814	184,713
Other	8,385	13,868	8,454
<b>Total general revenues</b>	<b>484,009</b>	<b>270,682</b>	<b>193,167</b>
<b>Change in net assets</b>	<b>\$ 566,389</b>	<b>\$ (112,010)</b>	<b>\$ (81,896)</b>

**EXHIBIT C**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
GOVERNMENTAL FUND BALANCE  
LAST TEN YEARS**

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<u>YEAR</u>	<u>FUND BALANCE</u>
1994	\$2,183,545
1995	1,245,873
1996	1,059,504
1997	695,601
1998	3,144,802
1999	4,701,121
2000	6,273,727
2001	6,747,012
2002	6,033,363
2003	5,994,547

Modified accrual basis of accounting

EXHIBIT D

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
CHANGES IN GOVERNMENTAL FUND BALANCE  
LAST TEN YEARS

	2009	2010	1999	1991	1995	1997	2000	2001	2002	2003
<b>Revenues:</b>										
Filing Fee	\$154,161.00	\$62,277.00	\$1,079,710	\$1,418,496	\$4,120,150	\$4,133,911	\$4,772,000	\$14,064,081	\$11,659,148	\$1,178,182
Interest	287,810	239,572	436,811	493,318	348,247	448,198	668,359	475,528	258,074	194,715
Other	0	1,448	0	12,084	18,442	319,045	381,181	17,281	88,792	86,889
<b>Total revenues</b>	<b>18,382,480</b>	<b>16,621,129</b>	<b>11,486,418</b>	<b>12,312,908</b>	<b>14,378,682</b>	<b>14,668,153</b>	<b>15,172,482</b>	<b>15,477,584</b>	<b>12,796,752</b>	<b>14,398,259</b>
<b>Expenditures:</b>										
Civil District Court	4,271,324	6,796,691	6,816,844	7,921,407	3,114,790	8,179,800	6,441,070	9,219,001	10,012,197	14,198,000
First City Court	1,271,008	1,644,688	1,687,211	1,875,666	1,854,358	2,023,564	2,219,886	2,248,206	2,567,142	2,189,008
Second City Court	284,124	300,666	388,389	375,115	432,152	482,152	411,890	441,241	484,878	378,046
Records of Mortgages	1,281,118	1,677,964	1,629,895	1,791,088	1,793,702	1,618,100	1,421,470	1,274,981	1,034,739	2,029,710
Records of Conveyances	887,982	1,000,871	1,118,866	1,149,047	1,149,448	1,150,015	1,284,000	1,231,246	1,036,129	1,199,010
<b>Total expenditures</b>	<b>10,397,549</b>	<b>11,599,879</b>	<b>11,652,815</b>	<b>12,676,863</b>	<b>12,338,638</b>	<b>11,599,829</b>	<b>14,379,886</b>	<b>14,984,292</b>	<b>14,801,148</b>	<b>18,422,828</b>
<b>Expenditures (designated fund balance)</b>	<b>11,911,129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income (losses) in fund balance</b>	<b>7,984,931</b>	<b>5,021,250</b>	<b>5,286,209</b>	<b>5,286,250</b>	<b>5,240,044</b>	<b>5,168,324</b>	<b>5,172,486</b>	<b>5,493,292</b>	<b>7,995,604</b>	<b>5,975,431</b>
<b>Initial fund account balance of accounting</b>										

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
REVENUE RATES AND BASE  
LAST TEN YEARS**

<u>Function</u>	<u>Year</u>	<u>New Suits Filed</u>	<u>Filing Fees Revenues</u>	<u>Average Fee Per New Suit</u>
Civil District Court	1994	828,625	\$5,123,131	\$251
	1995	18,982	5,142,528	262
	1996	21,938	5,668,532	259
	1997	23,082	6,172,860	276
	1998	22,438	7,821,976	349
	1999	21,341	7,348,701	344
	2000	28,362	8,658,488	305
	2001	22,987	8,148,254	357
	2002	28,227	8,358,148	403
	2003	18,466	8,328,592	428
First City Court	1994	22,140	1,752,219	79
	1995	28,682	1,757,260	85
	1996	22,189	1,871,712	84
	1997	28,028	2,009,388	100
	1998	18,788	2,209,418	113
	1999	19,625	2,318,512	118
	2000	18,273	2,228,840	114
	2001	18,732	2,210,889	112
	2002	18,884	2,143,334	114
	2003	16,725	2,047,340	122
Second City Court	1994	2,261	141,798	63
	1995	2,143	134,979	63
	1996	2,129	141,548	66
	1997	1,882	142,825	75
	1998	2,024	173,160	84
	1999	2,092	185,247	90
	2000	2,211	199,740	90
	2001	2,671	200,227	78
	2002	2,272	182,777	81
	2003	2,078	189,943	96

Filing fees are paid by litigants to the courts.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
REVENUE RATES AND BASE, CONTINUED  
LAST TEN YEARS**

<b>Function</b>	<b>Year</b>	<b>Instruments Recorded...</b>	<b>Filing Fees Revenues</b>	<b>Average Per Instrument (Per Item, \$/ft)</b>
<b>Recorder of Mortgages</b>	1994	608,180	52,278,136	86
	1995	66,900	2,172,943	36
	1996	66,902	2,275,490	36
	1997	62,604	2,268,448	37
	1998	61,083	2,860,860	47
	1999	38,007	3,053,681	80
	2000	35,286	2,960,080	84
	2001	35,588	3,184,712	90
	2002	62,277	3,471,687	56
	2003	89,611	4,858,679	60
<b>Register of Conveyances</b>	1994	Not available	1,128,908	Not available
	1995	Not available	1,848,386	Not available
	1996	Not available	1,854,448	Not available
	1997	Not available	1,847,713	Not available
	1998	Not available	1,184,900	Not available
	1999	Not available	1,293,790	Not available
	2000	Not available	1,278,864	Not available
	2001	Not available	1,218,712	Not available
	2002	Not available	1,288,502	Not available
	2003	Not available	1,457,847	Not available

Filing fees are paid by litigants to the courts.



**JUDICIAL EXPENSE FUND  
 FOR THE  
 CIVIL DISTRICT COURT  
 FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
 DEMOGRAPHIC AND ECONOMIC INDICATORS  
 ORLEANS PARISH  
 LAST TEN YEARS**

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<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
1984	496,692	\$10,842,087	\$21,412	8.3%
1985	495,618	11,833,799	22,318	7.4%
1986	490,616	11,231,403	22,890	7.9%
1987	488,663	11,559,002	23,665	6.7%
1988	482,801	12,128,252	24,919	6.1%
1989	483,211	12,148,253	25,005	5.3%
1990	483,667	12,689,080	26,215	5.4%
1991	478,427	13,212,564	27,828	5.8%
2002	Not available	Not available	Not available	6.2%
2003	Not available	Not available	Not available	6.5%

Source for unemployment rates: Louisiana Department of Labor

Source for all other statistics: Bureau of Economic Analysis, U.S. Department of Commerce

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
PRINCIPAL EMPLOYERS IN ORLEANS PARISH  
LAST TEN YEARS**

<b>Year</b>	<b>Total Employment</b>	<b>Principal Employers (Largest to Smallest)</b>	<b>Number of Employees</b>
1984	115,400	Orleans Parish School Board City of New Orleans Tulane University The Medical Center of Louisiana United States Postal Service Merry Baptist Medical Center LSU Medical Center Martin-Maria Corporation Yonason Administration Hospital Tulane Medical Center Hospital Clinic	1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more
1985	126,800	Orleans Parish School Board City of New Orleans Tulane University The Medical Center of Louisiana LSU Medical Center (self support) United States Postal Service Martin-Maria Corporation Merry Baptist Medical Center LSU Medical Center New Orleans (general support) Tulane Medical Center Hospital Clinic	1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more
1986	187,200	Orleans Parish School Board City of New Orleans The Medical Center of Louisiana Tulane University LSU Medical Center for New Orleans (self support) United States Postal Service Tulane Medical University Hospital Trent Subsidiary, Merry Baptist Medical Center LSU Medical Center New Orleans (general support) Lockheed Martin Corporation	1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more 1,000 or more
1987	186,500	Not available	

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
PRINCIPAL EMPLOYERS IN ORLEANS PARISH, CONTINUED  
LAST TEN YEARS

Year	Total Employment	Principal Employers (License to Contract)	Number of Employees
1998	188,200	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		LSU Medical Center New Orleans (self support)	1,000 or more
		United States Postal Service	1,000 or more
		Trans Subsidiary, Merry Dapier Medical Center	1,000 or more
		Lord Aerospace Corporation	1,000 or more
		LSU Medical Center New Orleans (general support)	1,000 or more
		Verizon Administration Regional Office	1,000 or more
1999	187,100	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		LSU Medical Center New Orleans (self support)	1,000 or more
		United States Postal Service	1,000 or more
		Lord Aerospace Corporation	1,000 or more
		Trans Subsidiary, Merry Dapier Medical Center	1,000 or more
		LSU Medical Center New Orleans (general support)	1,000 or more
2000	188,100	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		LSU Medical Center New Orleans (self support)	1,000 or more
		United States Postal Service	1,000 or more
		United States Department of Defense	1,000 or more
		Acco Casino Company, LLC	1,000 or more
		LSU Medical Center New Orleans (general support)	1,000 or more
		Lord Aerospace Corporation	1,000 or more

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
PRINCIPAL EMPLOYERS IN ORLEANS PARISH, CONTINUED  
LAST TEN YEARS

Year	Total Employment	Principal Employers (Largest to Smallest)	Number of Employees
2001	181,200	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		LSU Medical Center New Orleans (self support)	1,000 or more
		United States Department of Defense	1,000 or more
		United States Postal Service	1,000 or more
		Jazz Casino Company, LLC	1,000 or more
		LSU Medical Center New Orleans (general support)	1,000 or more
		Texas Health System Memorial Medical	1,000 or more
2002	181,500	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		LSU Medical Center New Orleans (self support)	1,000 or more
		United States Department of Defense	1,000 or more
		United States Postal Service	1,000 or more
		Texas Health System Memorial Medical	1,000 or more
		LSU Medical Center New Orleans (general support)	1,000 or more
		Hibernia National Bank	1,000 or more
2003	181,800	Orleans Parish School Board	1,000 or more
		City of New Orleans	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Tulane University	1,000 or more
		The Medical Center of Louisiana	1,000 or more
		Hibernia National Bank	1,000 or more
		United States Department of Defense	1,000 or more
		United States Postal Service	1,000 or more
		Jazz Casino Company, LLC	1,000 or more
		Texas Health System Memorial Medical	1,000 or more

Source: Louisiana Department of Labor

EXHIBIT B

JUDICIAL EXPENSE FUND  
 FOR THE  
 CIVIL DISTRICT COURT  
 FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
 NUMBER OF EMPLOYEES  
 LAST TEN YEARS

Year	Civil District Court	First City Court	Second City Court	Recorder of Mortgages	Register of Concessions	Administration	Total
1994	200	40	9	70	24	12	355
1995	190	47	11	78	41	17	344
1996	221	50	8	74	40	17	415
1997	221	45	8	74	41	17	406
1998	219	49	7	81	47	28	431
1999	209	59	12	81	48	28	437
2000	215	69	12	77	44	32	447
2001	266	62	14	58	44	32	464
2002	279	68	12	53	43	21	467
2003	256	64	18	53	44	19	444

In 1998 nine positions were reallocated from Civil District Court to Administration. In 2001 three nine (9) positions, plus one (1) more, were reallocated back to Civil District Court from Administration.

**EXHIBIT I**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
CASES FILED AND JURY TRIALS  
LAST TEN YEARS**

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<b>Year</b>	<b>Civil Cases Filed</b>	<b>Jury Trials</b>
1994	20,425	155
1995	19,995	123
1996	21,938	136
1997	23,062	99
1998	22,438	77
1999	21,340	64
2000	20,369	62
2001	21,587	66
2002	20,257	81
2003	19,466	56

Source: Supreme Court of Louisiana

**EXHIBIT J**

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
CASES FILED AND TERMINATED  
LAST TEN YEARS**

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<u>Court</u>	<u>Year</u>	<u>Civil Cases Filed</u>	<u>Terminated</u>
First City Court	1994	22,140	18,112
	1995	20,682	18,078
	1996	22,199	18,295
	1997	20,028	17,566
	1998	19,788	15,227
	1999	19,625	13,994
	2000	19,573	13,509
	2001	19,752	14,246
	2002	18,804	14,181
	2003	16,725	12,652
Second City Court	1994	2,261	1,163
	1995	2,143	1,328
	1996	2,159	1,193
	1997	1,892	1,083
	1998	2,056	1,224
	1999	2,093	1,360
	2000	2,511	1,303
	2001	2,671	1,444
	2002	2,372	1,203
	2003	2,078	1,882

Source: Supreme Court of Louisiana

JUDICIAL EXPENSE FUNDS  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS  
LAST TEN YEARS

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Civil District Court	1984	Not Available						
	1985	Not Available						
	1986	Not Available						
	1987	\$ -	\$ -	\$27,200	\$ 2,844	\$ -	\$ -	\$ 30,044
	1988	6,583	3,485	-	-	-	-	10,068
	1989	14,487	12,925	-	-	-	-	27,412
	1990	9,664	-	56,850	11,627	-	-	78,141
	1991	12,719	4,984	3,286	21,052	-	-	42,041
	1992	27,810	13,103	4,000	16,878	-	-	58,791
	1993	11,858	9,311	-	3,888	-	-	25,057
		186,326	60,589	11,345	51,112	-	-	309,372

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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS, CONTINUED  
LAST TEN YEARS**

Location	Year	Computers Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
First City Court	1994	Not Available	-	-	-	-	-	-
	1995	Not Available	-	-	-	-	-	-
	1996	Not Available	-	-	-	-	-	-
	1997	-	-	-	-	-	-	-
	1998	-	-	-	4,224	-	-	4,224
	1999	-	-	8,877	4,527	-	-	13,404
	2000	5,548	-	-	2,213	-	-	7,761
	2001	2,808	-	-	-	-	-	2,808
	2002	2,798	21,290	-	-	-	19,662	43,750
	2003	-	-	-	-	-	-	-
		<u>9,958</u>	<u>21,290</u>	<u>8,877</u>	<u>16,954</u>	<u>-</u>	<u>19,662</u>	<u>76,344</u>

Page total

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS, CONTINUED  
LAST TEN YEARS**

Execution	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Severed City Court	1994	Net Available						\$ -
	1995	Net Available						2,000
	1996	Net Available						9,439
	1997		\$ -	\$ -	\$ -	14-	\$ -	\$ -
	1998		2,000	-	-	-	-	2,000
	1999		9,439	-	-	-	-	9,439
	2000		-	-	-	-	-	-
	2001		-	-	-	-	-	-
	2002		2,000	-	-	-	-	2,000
	2003		-	-	-	-	-	-
		16,312	-	-	-	-	-	16,312

Page total

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS, CONTINUED  
LAST TEN YEARS

Location	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Recorder of Mortgages	1994	Not Available						\$ -
	1995	Not Available			1,240			1,240
	1996	Not Available						-
	1997							-
	1998							-
	1999							-
	2000							-
	2001							-
	2002	1,000						1,000
	2003	-						-
	Page total	1,000	-	-	1,240	-	-	2,240

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS, CONTINUED  
LAST TEN YEARS

Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
1984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1985	-	-	-	-	-	-	1,600
1986	1,685	-	-	2,772	-	-	2,772
1987	-	-	1,548	-	-	-	1,548
1988	-	-	-	-	-	-	-
1989	-	-	-	12,062	-	-	12,062
1990	-	-	-	-	-	-	-
1991	-	-	-	-	-	-	-
1992	-	-	-	-	-	-	-
1993	-	-	-	-	-	-	-
1994	1,685	-	1,548	13,682	-	-	18,915

Page total

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA  
INVESTMENTS IN CAPITAL ASSETS, CONTINUED  
LAST TEN YEARS**

Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
1994	Not Available	-	\$ 1,816	\$ -	\$ -	\$ -	\$ 1,816
1995	Not Available	3,404	-	-	-	-	3,404
1996	-	171,708	20,345	-	-	-	192,053
1997	-	-	-	-	-	-	-
2000	362,777	179,069	-	-	-	-	541,846
2001	485,746	219,649	15,653	-	28,975	-	750,023
2002	37,686	222,262	-	-	(21,821)	-	238,127
2003	967,261	609,638	13,392	-	-	-	1,590,291
<b>Grand total</b>	<b>1,953,731</b>	<b>1,034,608</b>	<b>328,258</b>	<b>196,321</b>	<b>\$ -</b>	<b>\$ 19,682</b>	<b>\$ 3,522,600</b>

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

**ACKNOWLEDGMENTS**

***REPORT PREPARED BY***

Diane B. Allison, CPA - Chief Accountant

***CHIEF JUDGE***

Carolyn W. Gil-Jefferson - 2002-2004

***JUDICIAL ADMINISTRATOR***

Michelle R. Rodney - Judicial Administrator

***FINANCIAL REPORTING SECTION***

Elaine T. Brown - Payroll Specialist  
Tina E. Lewis - Accounts Payable  
Dwayne J. Muller - Purchasing Agent  
Melinda F. Owens - Administrative Assistant  
Elaine W. Spitzer - Employee Benefits Specialist

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

**EXIT CONFERENCE**

---

An exit conference was held with representatives of the JEF. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

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

Michelle R. Rodney	–	Judicial Administrator
Diane H. Allison, CPA	–	Chief Accountant

**BRUNG & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Anckeb, Sr., CPA, MBA, CGFM	–	Partner
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**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT  
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA**

**REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING**

**FOR THE YEAR ENDED DECEMBER 31, 2003**

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

Release Date \_\_\_\_\_



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**Members**

American Institute of  
Certified Public Accountants  
Society of Accountants  
Certified Public Accountants

Michael B. Green, CPA  
Aubin J. Tervalon, Jr., CPA  
Wesley A. Meeks, Jr., CPA  
Paul S. Arndt, Sr., CPA

**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**

---

**Judicial Expense Fund for the  
Civil District Court for the Parish of Orleans  
also including First and Second City Courts,  
Recorder of Mortgages and Register of Conveyances  
for the City of New Orleans  
New Orleans, Louisiana**

We have audited the government-wide and fund financial statements of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as the **JEF**) as of and for the years ended December 31, 2003, and 2002, and have issued our report thereon dated May 8, 2004. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the **JEF'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

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)

an opinion on compliance with these provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Summary Schedule of Findings as item 2003-01.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered JEP'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 JEP's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Summary Schedule of Findings as item 2003-03.

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. 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 that the reportable condition referenced above is not a material weakness.

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)

This report is intended solely for the information and use of the Honorable Judges, the JEF's management, and the Legislative Auditor for the State of Louisiana and is not intended to be used and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 8, 2004

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

---

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

**Internal control over financial reporting:**

- Material weakness(es) identified? No
- Reportable condition(s) identified that are not considered to be material weakness(es)? Yes

Noncompliance material to financial statements noted: No

***Federal Awards***

Internal control over financial reporting: Not Applicable

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weakness(es)?

Type of auditor's report issued on compliance for major programs: Not applicable

Any audit findings disclosed that are required to be reported in accordance with section 310(a) of Circular A-133? Not applicable

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2005

---

**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Programs:

Not applicable

Dollar threshold used to distinguish  
between type A and B programs:

Not applicable

Auditor qualified as low risk auditor?

Not applicable

JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section II - Financial Statement Findings**

**Reference Number**

2003-01

**Criteria**

Louisiana Revised Statute 39:1303 states that the Local Government Budget Act (LSA-R.S. 39:1301-15) applies to all political subdivisions of the State with General and/or Special Revenue Funds. Furthermore, the statute dictates other requirements of the governmental entities to include budgetary amendment authorization, public inspection and adoption of the final budget timeline.

**Condition**

JEF for the year ended December 31, 2003 did not adopt a formal budget pursuant to the requirements of LSA-R.S.1301-15.

It was management's opinion that the JEF was not required to do so.

**Context**

Total operating expense for JEF for the year ended December 31, 2003 was \$16,483,880.

**Effect**

Noncompliance with the requirements to LSA-R.S. 39:1301-15.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2003-01

**Case**

The management of JEF was of the opinion that JEF was not subject to the budget requirements of LSA-R.S. 39:1301-15.

**Recommendation**

We recommend that management of JEF comply with the budget requirements of LSA-R.S. 39:1301-15 for its 2005 budget year.

**Management's Response**

Management has been under a historical assumption that the Judicial Expense Fund was not required to comply with Louisiana Revised Statute 39:1301-1515, the Local Government Budget Act. After lengthy discussions with management's attorney and review of several Louisiana Attorney General opinions on this subject, management concluded it erred. The date of this review barred management from complying with the Budget Act for 2003 and 2004. However, all internal procedures and policies are in place to prepare and adopt a budget for 2005.



JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003

---

**Section II - Financial Statement Findings, Continued**

**Reference Number**

2003-02

**Criteria**

The management of JEF is responsible for establishing and maintaining an effective internal control to ensure compliance with laws, regulations and directives of the Judges *En Banc*.

**Condition**

Pursuant to the requirements of LSA-R.S. 24:523, JEF reported to the Legislative Auditor for the State of Louisiana, two instances involving fraud or possible fraud.

The first instance involved the fraudulent cashing of an employer's payroll check in the amount of \$731.82 and the second involved the alleged payment of wages to five (5) employees totaling \$4,446.96 for work not performed for the JEF. Subsequent to the discovery and investigation, management on October 1, 2003 recovered full reimbursement of the payroll check in the amount of \$731.82.

**Context**

Total payroll cost for the year ended December 31, 2003 was \$11,048,596.

**Effect**

Misappropriation of assets.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section II - Financial Statement Findings, Continued**

**Reference Number, Continued**

2003-02

**Cause**

Inadequacy in the processing and delivery of final payroll checks to employees and management override.

**Recommendation**

Management of JEF should re-evaluate its current processing and delivery procedures for final payroll checks.

In addition, management should continue to provide the necessary oversight in all key aspects of JEF's internal control.

**Management's Response**

Management's internal controls detected the fraudulent casing of a terminated employee's final payroll check in the amount of \$731.82. Internal Policy 2004-001 addresses this condition. All final payroll checks will be distributed from the Judicial Expense Fund office.

The second instance of fraud which is currently under investigation by other authorities involved alleged payment of wages to five (5) employees totaling \$4,446.96 for work not performed for the Judicial Expense Fund, but to time devoted to a judicial campaign operation. All members of management and the parochial officials of the Judicial Expense Fund are aware of the ethical rules of conduct. Each are required to verify the payroll. While there is not a policing of departments, each official is required to make an honest representation to the JEF. When dishonesty is discovered, appropriate action is undertaken by management.

**JUDICIAL EXPENSE FUND  
FOR THE  
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS  
SUMMARY SCHEDULE OF FINDINGS, CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2003**

---

**Section III - Federal Award Findings and Questioned Costs**

Not applicable.

No federal award findings and questioned costs were reported for the year ended December 31, 2003.

**Section IV - Status of Prior Years' Findings**

None reported.

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

---

An exit conference was held with representatives of the JEF. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

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

Michelle R. Rodney	--	Judicial Administrator
Diane B. Allison, CPA	--	Chief Accountant

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Paul K. Andek, Sr., CPA, MBA, CCFM	--	Partner
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**Judicial Expense Fund** RECEIVED  
LEGISLATIVE AUDITOR

320 West Courts Building  
421 Poydras St.  
New Orleans, La. 70112

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(504) 592-9275

Fax (504) 592-9278

June 15, 2004

Bruce & Tarvalon LLP  
Certified Public Accountants  
4298 Elysian Fields Avenue  
New Orleans, LA 70122

Dear Sirs:

Enclosed is the corrective action plan developed by the Judicial Expense Fund, in response to current years' audit findings as of and for the year ended December 31, 2003. The plan includes, where applicable, the corrective action plan and anticipated completion date.

If any further information is required, please do not hesitate to contact me at (504) 592-9275.

Sincerely,

  
Michelle R. Rodney  
Judicial Administrator

MRR/mfb

Enclosures

## Financial Statement Findings

*Reference Number: 2003-01*

*Failure to comply with Local Government Budget Act*

### Management's Response

Management has been under a historical assumption that the **Judicial Expense Fund** was not required to comply with Louisiana Revised Statute 59:1301-1315, the Local Government Budget Act. After lengthy discussions with management's attorney and review of several Louisiana Attorney General opinions on this subject, management concluded it erred. The time of this review barred management from complying with the Budget Act for 2003 and 2004. However, all internal procedures and policies are in place to prepare and adopt a budget for 2005.

*Reference Number: 2003-02*

*Misappropriation of Assets*

Management's internal controls detected the fraudulent casing of a terminated employee's final payroll check in the amount of \$731.82. Internal Policy 2004-001 addresses this condition. All final payroll checks will be distributed from the **Judicial Expense Fund** office.

The second instance of fraud which is currently under investigation by other authorities involved alleged payment of wages to five (5) employees totaling \$4,446.96 for work not performed for the **Judicial Expense Fund**, but to time devoted to a judicial campaign operation. All members of management and the parochial officials of the Judicial Expense Fund are aware of the ethical rules of conduct. Each are required to verify the payroll. While there is not a policing of departments, each official is required to make an honest representation to the JEF. When dishonesty is discovered, appropriate action is undertaken by management.