

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Supreme Court of Louisiana
State of Louisiana
New Orleans, Louisiana

December 22, 1997



Financial and Compliance Audit Division

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

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

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1997
With Supplemental Information Schedules**

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

December 22, 1997

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

**Special Purpose Financial Statements
and Independent Auditor's Reports
As of and for the Year Ended June 30, 1987
With Supplemental Information Schedules**

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December 6, 1997

Independent Auditor's Report
on the Financial Statements

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, the judicial branch of government within Louisiana state government, as of and for the year ended June 30, 1997, as listed in the foregoing table of contents. These financial statements are the responsibility of management of the Supreme Court of Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Acts 17 and 35 of the 1996 Regular Session of the Louisiana Legislature provided various state appropriations to units of the judicial branch of government. The accompanying special purpose financial statements include these state appropriations, except for those appropriations that are not under the control of the Supreme Court of Louisiana as provided in note 1, which are subject to separate audits.

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

LEGISLATIVE AUDITOR

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
Audit Report, June 30, 1997

Accordingly, the accompanying special purpose financial statements are not intended to and do not present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the accompanying special purpose financial statements present fairly, in all material respects, the balances within the appropriated and non-appropriated funds of the Supreme Court of Louisiana at June 30, 1997, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-D.

In accordance with Government Auditing Standards, we have also issued a report dated December 9, 1997, on our test of the Supreme Court's compliance with laws and regulations and our consideration of its internal control over financial reporting.

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

In accordance with Louisiana Revised Statute 24:579, our report is intended for the information and use of the court and its management and should be used solely as intended by the foregoing statute. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

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

Balance Sheet (Legal Basis), June 30, 1997

	APPROPRIABLE		
	GENERAL APPROPRIATION FUND	LOUISIANA INCIDENT EXPENSE BOARD	JUDICIAL SUPPLEMENTAL COMPENSATION FUND
ASSETS			
Cash and cash equivalents (note 2)	\$1,207,892	\$914,679	\$764,848
Investments (note 3)	1,983,483	1,081,987	398,800
Receivables	25,834		
Due from other funds	763,236		
TOTAL ASSETS	\$4,980,445	\$2,096,666	\$1,163,648
LIABILITIES AND FUND EQUITY			
(in millions)			
Accounts payable	\$243,478	\$80,134	
Payroll deductions payable	99,499		
Due to other funds			
Fund liabilities	\$7,139	\$6,754	\$6,042
Fund equity - total interest - reserves (note 12)	\$4,659,529	1,989,638	\$1,151,564
TOTAL LIABILITIES AND FUND EQUITY	\$5,009,645	\$2,096,666	\$1,163,648

The accompanying notes are an integral part of this statement.

Funds

TRIAL COURT CASE MANAGEMENT and ORIENTATION FUND	REV. APPROPRIATED FUNDS	TOTAL MEMORANDUM COST
	\$540,711	\$2,247,888
	207,120	6,825,888
\$400,000	478,500	800,000
<u>800,000</u>		<u>1,000,000</u>
<u>500,000</u>	<u>\$1,206,142</u>	<u>\$11,288,288</u>
\$1,000	10,000	\$40,000
		60,000
<u>700,700</u>	<u>488,520</u>	<u>1,200,100</u>
<u>700,000</u>	<u>478,500</u>	<u>1,000,000</u>
<u>80,000</u>	<u>70,020</u>	<u>200,100</u>
<u>500,000</u>	<u>\$1,276,142</u>	<u>\$11,288,388</u>

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

**Statement of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For The Year Ended June 30, 1997**

	APPROPRIATED		
	GENERAL	LOUISIANA	PRIORITY
	APPROPRIATION FUNDS	MONEY FUNDS	CONSTRUCTION FUNDS
REVENUES			
Appropriated by legislation:			
State General Fund	\$62,800,484	\$7,380,000	
State special revenue funds			\$16,000
Fees and self-generated revenues	\$71,884		
Non-appropriated revenues			
Total revenues	<u>\$63,493,252</u>	<u>7,380,000</u>	<u>\$16,000</u>
EXPENDITURES			
Personnel services	38,600,494	174,771	
Total	\$86,917	13,630	
Operating supplies and materials	1,783,888	14,888	
Professional services	\$63,686	3,874,811	
Other charges	130,719		
Non-appropriated expenditures			
Total expenditures	<u>\$1,520,686</u>	<u>3,874,811</u>	<u>NONE</u>
EXCESS (shortage) OF REVENUES OVER EXPENDITURES	<u>\$61,972,566</u>	<u>\$3,505,189</u>	<u>\$16,000</u>
OTHER FINANCING SOURCES (uses)			
Operating transfers in (note 1)	4,134		
Operating transfers out (note 1)	(2,132)		(10,000)
Transfers to other entities (note 1)	(21,893,135)		
Total other financing sources (uses)	<u>(21,889,001)</u>	<u>NONE</u>	<u>(10,000)</u>
EXCESS (shortage) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>1,079,099</u>	<u>\$3,505,189</u>	<u>NONE</u>
FUND BALANCES AT BEGINNING OF YEAR (a) RESTATED (note 1)	<u>\$,871,163</u>	<u>1,807,330</u>	<u>NONE</u>
FUND BALANCES AT END OF YEAR	<u>\$1,950,262</u>	<u>\$3,279,029</u>	<u>NONE</u>

The accompanying notes are an integral part of this statement.

CHRG			
BUDGET SUPPLEMENTAL COMPLETION FUND	TOTAL COURT	NON- APPROPRIATED FUNDS	TOTAL MEMORANDUM CHRG
	GRANT MANAGEMENT FUND		
			870,600,000
21,700,000	570,000		4,470,000
21,700			507,000
		2,000,000	1,000,000
<u>1,313,700</u>	<u>700,000</u>	<u>1,000,000</u>	<u>70,000,000</u>
			41,070,000
1,700,000	800,000		1,000,000
	70,000		1,000,000
	110,000		2,000,000
	50,000		2,000,000
	80,000		1,000,000
		1,000,000	1,111,000
<u>2,700,000</u>	<u>970,000</u>	<u>1,000,000</u>	<u>28,100,000</u>
			10,000,000
20,700	70,000	20,000	10,000,000
		10,000	10,000
		20,000	(10,000)
			(10,000,000)
			(10,000,000)
<u>NONE</u>	<u>NONE</u>	<u>0,000</u>	<u>(10,000,000)</u>
			400,000
20,700	70,000	(20,000)	400,000
			400,000
<u>400,000</u>	<u>70,000</u>	<u>(20,000)</u>	<u>5,111,000</u>
<u>1400,000</u>	<u>900,000</u>	<u>870,000</u>	<u>20,000,000</u>

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

**Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis) and Actual
For the Year Ended June 30, 1993**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ UNFAVORABLE</u>
REVENUES			
Appropriated by Legislature - state General Fund			
Supreme Court			
Salaries - Chief Justice and 7 associate justices	\$711,500	\$711,500	
Supreme Court Clerks - staff and other expenses and salary/fringe costs	4,116,000	4,116,000	
Justice Clerks	1,500,000	1,500,000	\$0.000
Judicial Commission	200,000	200,000	\$0.000
Court reporters	183,400	183,400	
Fees - National Center for State Courts	60,000	60,000	0.000
Committee on Professional Ethics	3,000	3,000	
Retired judges - salaries and expenditures	500,000	600,000	200,000
Law Library/Facilities	1,004,040	1,004,040	
Transferred judges - salaries and expenditures	100,000	124,000	24,000
Retirement benefits to justices and judges - all courts	1,800,000	1,800,000	
Retirement benefits to justices of justices and judges - all courts	1,200,000	1,200,000	
Justice College	100,000	100,000	
Employer contributions to retirement system	2,000,000	2,000,000	\$0.000
Out commitment matters	60,000	60,000	
Attorney chairman of Judicial Review Panel - to be paid from Patient Compensation Fund	10,000	10,000	
Judges' Supplemental Compensation Fund	3,700,000	3,700,000	
Third Court Clerk Management Fund	600,000	700,000	(100,000)
Other - interest earnings	100,000	100,000	
Clerks of Appeal - salaries of 104 judges	4,500,000	4,500,000	
First Circuit operation and maintenance	4,000,000	4,000,000	
Second Circuit operation and maintenance	2,500,000	2,500,000	
Third Circuit operation and maintenance	3,000,000	3,000,000	
Fourth Circuit operation and maintenance	3,000,000	3,000,000	
Fifth Circuit operation and maintenance	2,000,000	2,000,000	

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenue, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis) and Actual, 1997**

	BUDGET	ACTUAL	VARIANCE (FAVORABLE/ UNFAVORABLE)
REVENUE (CONT.)			
Appropriated by Legislature - state General Fund - (Cont.)			
District courts:			
Salaries of 24 judges	\$41,000,000	\$13,201,769	(378,200)
District judges - allowance for transportation	1,750,000	1,750,000	
Others Parish District Court salaries of:			
14 judges	1,000,000	1,000,000	
stenographers and clerks and other judges' expenses	70,000	70,000	
Treasurer Judicial District Court reporter - salary and retirement contribution	60,000	60,000	
Clerk of Orleans Parish District Court	50,000	50,000	
Employee contribution group, workers' compensation, general liability and property insurance	2,295,000	2,450,000	155,000
Commissioners of the Fifth and Nineteenth Judicial Districts - salaries	254,000	254,000	
Office expenses - Nineteenth Judicial District	200,000	200,000	
Office expenses - Fifth Judicial District	150,000	150,000	
Gas fees of the Twentieth Judicial District	20,000	20,000	
Orleans Parish District Court:			
Salaries of 11 district judges	600,000	600,000	
Office expenses and employee contributions - group insurance	150,000	171,000	21,000
Salaries of 10 court clerks	260,716	260,000	(716)
Salaries of 20 court reporters	310,000	307,000	(3,000)
Salaries and related benefits of 4 commissioners	188,200	188,200	
Office expenses of commissioners	10,000	10,000	
Salaries of commissioners' outside clerks	50,000	50,000	
Salaries of commissioners' court reporters	45,700	45,700	
Judicial Administrator and 7 assistants - salaries and related benefits	270,774	270,000	(774)
Salaries of 10 law clerks	388,200	377,000	(11,200)
Salaries of 4 secretaries	90,000	90,000	
Parity Contributions	120,000	120,000	
Board of Jury Commissioners	170,000	170,000	

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS**
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current Year
Appropriation - Budget (Legal Basis) and Actual, 1997

	BUDGET	ACTUAL	(FAVORABLE) (UNFAVORABLE)
REVENUES (CONT.)			
Appropriated by Legislature - State General Fund - (Cont.)			
Other courts - salaries and related benefits:			
Salaries of 11 Civil Court judges	\$1,128,000	\$1,050,000	
Juvenile Court - salaries of 4 judges	1,060,000	1,060,000	
Salaries of 3 family, 4 municipal and 4 traffic court judges and one probate court judge	864,718	864,718	
Juvenile and traffic courts - office expenses	101,000	101,000	
Criminal Justice/Juvenile Protective Case Monitoring Program	150,000	150,000	
Litigant Assistance Program	50,000	50,000	
Louisiana Indigent Defender Board - Act 11 of 1988	7,500,000	7,500,000	
Total appropriated revenues	76,792,000	76,635,000	(\$157,000)

EXPENDITURES

Supreme Court:			
Salaries - Chief Justice and 7 associate justices	711,000	711,000	
Supreme Court Program - staff and other expenses and rental of court site	4,218,000	4,238,000	20,000
AGC/JC Council	1,528,000	1,493,700	(\$34,300)
Judiciary Commission	350,000	348,000	(\$2,000)
Court reporters	180,000	148,750	(\$31,250)
Exam - National Order for State Courts	80,000	80,000	0
Committee on Professional Ethics	2,000	0	2,000
Retired judges - salaries and expenditures	680,000	630,000	(\$50,000)
Law Library of Louisiana	1,004,500	1,004,500	0
Retired judges - salaries and expenditures	100,000	134,000	(\$34,000)
Retirement benefits to judges and judges - salaries	2,820,000	2,870,000	(\$50,000)
Retirement benefits to justices of justice and judge - allowance	1,238,700	1,210,000	28,700
Justice College	100,000	100,000	0
Employee contribution to retirement system	2,873,071	2,504,000	400,000
Civil commitment matters	80,000	10,000	70,000
Administrative expenses of the Medical Section Panel	10,000	0	10,000

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current Year
Appropriation - Budget (Legal Basis) and Actual, 1987**

	BUDGET	ACTUAL	UNFUNDED PAYABLE (DEFICIT/SURPLUS)
EXPENDITURES (CONT.)			
Courts of appeal - salaries of 34 judges	\$4,519,800	\$4,477,887	\$42,913
First Circuit operation and maintenance	4,898,487	4,898,487	
Second Circuit operation and maintenance	2,592,040	2,592,040	
Total Circuit operation and maintenance	7,490,907	7,490,907	
Fourth Circuit operation and maintenance	3,678,500	3,678,500	
Fifth Circuit operation and maintenance	1,493,800	1,493,800	
District Courts:			
Salaries of 188 judges	13,500,000	13,371,872	\$128,128
District Judges - office and travel expenses	1,170,000	1,038,281	131,719
Circuit Parish and District Courts - salaries of 14 judges	1,590,000	1,588,294	1,706
Missions/Share and District and other judges' expenses	78,000	78,000	
Tourists Judicial District court reporter - salary and retirement contribution	88,500	88,500	
Costs of Orleans Parish and District Court	78,000	78,000	
Employer contribution to group, workers' compensation, general liability, and property insurance	2,286,429	2,468,888	(182,459)
Constitutionality of 18th and 19th Amendments			
Judicial Districts - salaries	237,128	237,128	10,817
Office expenses - Mandeville Judicial District	208,260		208,260
Office expenses - Filmore Judicial District	70,500	138,378	(67,878)
Law costs of the Tourists Judicial District	28,800	28,800	
Orleans Parish Criminal Court			
Salaries of 10 district judges	888,000	888,000	
Office expenses and employer contribution to group/insurance	621,870	771,838	(149,868)
Salaries of 13 circuit clerks	333,775	349,875	(16,100)
Salaries and related benefits of 4 constitutional	712,500	703,985	8,515
Salaries and related benefits of 4 constitutional	188,280	188,588	(2,708)
Office expenses of constitutional	18,800	18,800	
Salaries of constitutional circuit clerks	58,845	58,497	348
Salaries of constitutional court reporters	48,180	44,870	3,310
Judicial Administration and Facilities - salaries, unrelated benefits	374,774	373,888	886

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
APPROPRIATED FUNDS
Statement of Revenues, Expenditures,
and Unexpended Appropriation -
Budget Comparison of Current-Year
Appropriation - Budget (Legal Basis) and Actual, 1997**

	BUDGET	ACTUAL	SURPLUS (FAVORABLE) DEFICIT (UNFAVORABLE)
EXPENDITURES (DOLLARS)			
Criminal Justice System (CJS)			
Salaries of 8 law clerks	\$88,000	\$108,500	\$20,500
Salaries of 4 secretaries	\$5,000	\$3,240	\$1,760
Grants/Commissions	100,000		100,000
Board of Jury Commissioners	170,000		170,000
Other Courts - salaries and related benefits:			
Salaries of 10 city court judges	1,500,000	1,470,000	\$30,000
Juvenile Court - salaries of 12 judges	1,000,000	1,000,000	
Salaries of 4 family, 4 municipal, and 4 traffic court judges and one justice court judge	594,719	545,000	\$49,719
Juvenile and family courts - office expenses	400,000	47,000	\$353,000
Criminal Justice Juvenile Protective Code Monitoring Program	100,000	100,000	
Lawyer Assistance Program	10,000		10,000
Appropriated by legislature - State Special Revenue and Statutory Dedicated Funds:			
Judges' Supplemental Compensation Fund	2,700,000	2,700,000	
Trial Court Case Management Fund	600,000	600,000	
Louisiana Indigent Defender Board - Act 25 of 1990		807,000	807,000
Louisiana Indigent Defender Board - Act 17 of 1990	7,000,000	7,000,000	
Total appropriated expenditures	<u>\$11,440,000</u>	<u>\$11,341,200</u>	<u>\$98,800</u>
UNEXPENDED APPROPRIATION - CURRENT YEAR			
	<u>\$10,000</u>	<u>\$1,307,000</u>	<u>\$1,297,000</u>

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA**

Notes to the Financial Statements
As of and for the Year Ended June 30, 1997

INTRODUCTION

The Supreme Court of Louisiana is a part of the State of Louisiana reporting only within the judicial branch of government. As provided by Article V of the Louisiana Constitution of 1974, the judicial power of government of the state is vested in a supreme court, courts of appeal, district courts, and other courts. The Supreme Court of Louisiana exercises an appellate function as the highest court in the state, has general supervisory jurisdiction over all other courts, and in certain instances, is the court of original jurisdiction. All judges of the various courts are elected to serve terms ranging from six to ten years, depending upon their court of jurisdiction. The Supreme Court of Louisiana, comprised of the Chief Justice and seven Associate Justices, is empowered by Louisiana Revised Statutes (R.S.) 13-10, 13-12¹, and 25-91-05 to appoint a judicial administrator, its clerk, and other personnel, and to control the Law Library of Louisiana.

The court's operations are funded through annual appropriations made by the Louisiana Legislature from the state's General Fund and from the state's Patients' Compensation, Judges' Supplemental Compensation Fund, and Trial Court Case Management Information Special Revenue Funds. The court's operations are further funded through self-generated revenues authorized by R.S. 13-120, which include fees for appeals, applications for writs, motions filed on writs, appeals, answers to appeals, and through fees for copies, seminars, and other services. The state's Judges' Supplemental Compensation Special Revenue Fund is funded by an additional fee of \$15 charged by the various courts in the State in compliance with Act 60 of the 1985 Session of the Louisiana Legislature. The state's Trial Court Case Management Information Special Revenue Fund is funded by a special court cost of \$1 on all traffic and criminal convictions in the state as mandated by Act 152 of the 1980 Session of the Louisiana Legislature. The total amount collected in connection with those two funds are collected by the Clerk of the Supreme Court and various lower courts and remitted to the state treasurer through the Judicial Administrator's Office of the Supreme Court of Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

B. REPORTING ENTITY

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

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

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

- The Judicial Administrator's Office is responsible for all appropriated and non-appropriated funds of the court, except those self-generated fees collected and accounted for by the Clerk of the Supreme Court, the Louisiana Law Library, and the Judicial College. Furthermore, the Judicial Administrator's Office provides a central payroll system for the payment of salaries to all state, district, and certain city court judges, as well as minute clerks, court reporters, et cetera. This office also pays certain expenses of the various courts throughout the state.
- The Office of the Clerk of the Supreme Court is responsible for collecting and accounting for the receipt and expenditure of filing fees and other self-generated revenues as provided by R.S. 13:134. These are funds not appropriated or accounted for by the Judicial Administrator.
- The Louisiana Law Library is responsible for collecting and accounting for proceeds from the sale of acts of the Louisiana Legislature and receipts from the copying of legal documents and the use of Westlaw and LEXIS computer terminals. These revenues are used to purchase books and cover cost relating to copy and computer equipment located

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

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

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

Certain appropriations made to units of the judicial branch under Act 35 of 1990 - Special Acts Judiciary, are not administered by the Supreme Court of Louisiana and, therefore, are shown as transfers to other entities in the accompanying financial statements. These units are subject to separate audit and are listed as follows:

<u>Schedule Number</u>	<u>Appropriation</u>
85-8170-04	Committee on Professional Ethics and Grievances
85-8171-02	First Circuit Court of Appeal
85-8171-03	Second Circuit Court of Appeal
85-8171-04	Third Circuit Court of Appeal
85-8171-05	Fourth Circuit Court of Appeal
85-8171-06	Fifth Circuit Court of Appeal
85-8172-09	Judicial Expense Fund of the Seventeenth Judicial District Court - office expenses
85-8173-12	Barry Commissions
85-8173-15	Board of Jury Commissioners
85-8175-82	Layoffs Assistance Program

C. FUND ACCOUNTING

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

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

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

APPROPRIATED FUNDS

General Appropriation Fund

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

Louisiana Indigent Defender Board

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

Patients' Compensation Fund

The Patients' Compensation Fund, as provided in R.S. 40:1287-47, is used to pay the administrative expenses of the Office of the Clerk of the Louisiana Supreme Court attributable to the selection process of the attorney chairman of the Medical Review Panel. The fund is financed by a yearly appropriation of the state legislature from the state's Patients' Compensation Special Revenue Fund.

Judges' Supplemental Compensation Fund

The Judges' Supplemental Compensation Fund was created under Act 611 of the 1985 Regular Session of the Louisiana Legislature to account for appropriations for salary supplements to judges and commissioners. The fund is financed by a yearly appropriation of the state legislature from statutory dedication funds transferred from the state's Judges' Supplemental Compensation Special Revenue Fund.

Trial Court Case Management Information System Fund

The Trial Court Case Management Information System Fund was originated by Act 152 of the 1993 Regular Session of the Louisiana Legislature and accounts

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

for appropriations used to prepare a master plan for the development of a statewide automated trial-court case management information system and to provide for the fast-track prototype development of the criminal disposition component of the overall information system. The fund is financed by a yearly appropriation of the state legislature from statutory dedication funds transferred from the state's Trial Court Case-Management Information System Special Revenue Fund.

NON-APPROPRIATED FUNDS

Judicial College - Seminar Fund

The Judicial College - Seminar Fund contracts seminars for the education of Louisiana judges. Funding is received from collected registration fees. The balance remaining in the program at June 30, 1997, will be used to sponsor seminars and special projects relative to judicial education for Louisiana judges during the fiscal year ended June 30, 1998.

Clerk of the Supreme Court Fee Account Fund

The Clerk of the Supreme Court Fee Account Fund is used to account for filing fees, copies of court records, and other revenues received by the court, as provided by R.S. 13:125, and interest earned on time deposits. The fund is used to pay expenditures approved by the Supreme Court of Louisiana that are not paid by funds appropriated to the Clerk of the Supreme Court.

Law Library Self-Generated Fees Fund

The Law Library Self-Generated Fees Fund accounts for the purchase of law books from proceeds from the sale of acts of the Louisiana Legislature as provided by R.S. 40:22. The Law Library provides copy and facsimile machines within the library for use in making legal copies and a Westlaw computer terminal to assist attorneys in their legal research. The fees generated from these services are used to cover the cost of the copy and facsimile machines, computer maintenance, and other operating expenses.

Courts/Community Relations Subcommittee Film Grant

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

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

On July 1, 1995, upon completion of the filing, the remaining funds were returned to the Supreme Court.

Task Force on Women in the Courts Fund

The Task Force on Women in the Courts Fund was created by the Supreme Court in accordance with the Rules of the Judicial Budgetary Control Board and by authority of Act 348 of 1988 and is used to account for expenditures attributable to the following purposes of the fund: (1) to determine whether the design, operation, laws, rules, practices, and conduct of the judicial system result in inequality between men and women litigants, lawyers, judges, witnesses, court personnel, and all those who come into contact with the judicial system; (2) to assess the real or perceived effects of gender bias on courtroom interaction and the judicial decision-making process; and (3) to educate the bench, bar, and public about gender fairness in the judicial system and to make appropriate recommendations.

Task Force on Racial and Ethnic Fairness

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

Alternative Dispute Resolution Task Force

The Alternative Dispute Resolution Task Force is a legislatively created body that proposed the Civil District Court/First City Court Pilot Mediation Program. Mediation is an alternative dispute resolution mechanism wherein the parties attempt to resolve their differences with the assistance of a trained third-party facilitator—a mediator. The procedure is non-binding and shall not prejudice any party's right to full judicial process. The pilot program commenced on September 1, 1993, and terminated on August 31, 1995. The task force is funded through a 30% application fee to all persons who apply to be on the approved list of mediators in the Mediation Program that the task force now administers.

**National Criminal History Improvement Program
Grants: Brady and Protective Order**

The overall goal of the National Criminal History Improvement Program grant (NCHIP) is to expand and enhance participation in the National Instant Criminal Background Check System (NICS) and to develop model procedures for accessing records of persons other than felons who are ineligible to purchase firearms. Within this framework, the Brady Grant will secure the means for the Supreme Court to develop a statewide criminal justice information system that will provide complete, accurate, and timely criminal justice records to the courts, district attorneys, and law enforcement. Likewise, the Protective Order Grant will enable the court to provide law enforcement officers with access to accurate, timely, and complete records with regard to protective orders. Under the cognizance of the Louisiana Commission on Law Enforcement (LCLE), these grants, effective through September 30, 1999, will allow Louisiana to fully participate in the NICS.

Byrne Formula Grants

The Byrne 54 Memorial Funding Grant was approved to develop a strategic plan for a statewide networking of the judiciary. Through this grant, the court hired a specialist to develop the strategic network plan for collection of criminal case management data by the various parish clerks of court in Louisiana and the eventual electronic transmission of this data to the Case Management Information System (CMIS) computer. This network plan included the connections between the CMIS system and the Louisiana State Police Department of Public Safety (DPS) information system.

As a continuation of the Byrne 54 Grant, the Byrne 55 Memorial Funding Grant was obtained to begin implementation of the strategic network plan that was developed in the previous grant. Work started on the connections between the DPS and CMIS for implementation of a high speed T1 phone connection. This grant was also used to purchase part of the communications server.

Enhanced Training Grant

This grant was offered to the Supreme Court for specific training programs. These training sessions could not be computer related, nor could they be human resource related. The sessions that were attended were each approved by LCLE for their content as they were related to the involvement and improvement of criminal justice issues.

State Court Improvement Grant

The State Court Improvement Grant is a four-year federal program established by the Criminal Budget Reconciliation Act of 1993 (P.L. 903-66) to assist courts in the assessment and improvement of proceedings relating to foster care and adoptions. The first phase of the grant, awarded to the highest court in each state, will enable trial courts to (1) identify barriers, (2) highlight practices that are not fully successful, and (3) measure areas in need of added attention. Reformers will then be implemented that address the state court's specific needs in foster care abuse and neglect proceedings.

D. BASIS OF ACCOUNTING

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

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

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

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

Revenues

The State General Fund and Special Revenue Fund operations are recognized in the amounts appropriated, to the extent withdrawn from the State Treasury. Fees and self-generated revenues and non-appropriated revenues are recognized in the amounts earned, to the extent measurable and available.

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

Expenditures

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

(Other Financing Sources (Uses))

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

E. CASH AND CASH EQUIVALENTS

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

F. INVESTMENTS

In accordance with R.S. 49:377(C)(2), the court is authorized to invest funds in direct United States Treasury obligations, United States government agency obligations, direct security repurchase agreements, and reverse direct security repurchase agreements for federal obligations listed previously. The investments involve repurchase agreements of a United States Treasury note and a Federal Home Loan Mortgage Corporation obligation.

G. GENERAL FIXED ASSETS

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

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

H. LONG-TERM OBLIGATIONS

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

I. BUDGET PRACTICES

By rule of the Supreme Court of Louisiana, the Judicial Budgetary Control Board was created with the authority to approve the transfer of funds within the court as needed. The appropriation made for the operations of the court is an annual lapping appropriation and is recorded in the appropriated funds. As provided by Act 55 of 1995, any funds therein allocated to the judiciary, any portion of the funds previously appropriated to the judiciary, or interest earnings on such appropriations are thereby appropriated and may be used to defray expenses of the judiciary. All funds remaining unexpended and/or unencumbered must be returned to the state General Fund on or before September 1 of the succeeding fiscal year. However, Act 1595 of 1997 reapportioned the unexpended and unencumbered funds at June 30, 1996, to defray expenses of the judiciary for fiscal year 1997-98, thereby eliminating the requirement to return the unexpended/unencumbered portions to the state General Fund on or before September 1. The Indigent Defender Board was funded by Act 17 of 1996.

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

Revenues per Statement B	
General Appropriation	\$63,496,128
Indigent Defender Board	7,500,000
Patients' Compensation Fund	10,000
Judges' Supplemental Compensation Fund	3,721,760
Case Management Information System Fund	700,000
Plus - transfers of surplus to circuit courts	<u>208,745</u>
Revenues per Statement C	<u>\$75,626,633</u>

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA

Notes to the Financial Statements (Continued)

Expenditures per Statement B:	
General Appropriation	\$44,528,584
Indigent Defender Board	8,137,821
Judges' Supplemental Compensation Fund	5,753,588
Case Management Information System Fund	623,633
Plus - Transfers to Circuit Courts	<u>17,267,614</u>
Expenditures per Statement C:	<u>\$76,311,238</u>

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

Original Approved Budget - Judiciary - Act 35 of 1999	\$65,732,484
Original Approved Budget - LICB - Act 17 of 1999	7,508,090
Increase for Judges' Supplemental Compensation Fund	1,206,000
Increase for Trial Court Case Management Fund	509,090
Net increase in accordance with Act 36 of 1999	597,454
Transfers of surplus to circuit courts	<u>258,740</u>
Total	<u>\$75,738,668</u>

J. JUDGES' SALARIES

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

H. COMPENSATED ABSENCES

All regular employees of the Judicial Administrator's Office, the Office of the Clerk of the Supreme Court, the Law Library of Louisiana, the Judicial College, and certain Justices' personal staff earn and accumulate annual and sick leave depending on years of service at between 12 and 24 days per year. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees may be compensated for up to 360 hours of unused annual leave at the employee's hourly rate of pay, depending on the availability of funds. Upon retirement, unused annual leave in excess of 360 hours may be converted to additional state service for the purpose of computing retirement benefits. In addition, those who attain eligibility in

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

the state retirement system may include unused accrued sick leave in calculating retirement benefits in accordance with the formula established by the retirement system.

L. TOTAL COLUMNS ON STATEMENTS

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

2. CASH AND CASH EQUIVALENTS

At June 30, 1997, the court has cash and cash equivalents (book balances) as follows:

Petty cash	\$200
Demand deposits	1,894,767
Interest-bearing demand deposits	<u>362,566</u>
Total	<u>\$2,247,533</u>

At June 30, 1997, the court has \$4,538,567 in deposits (collected bank balances). These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. These deposits are secured from risk by \$377,773 of federal deposit insurance (GASB Category 1) and \$4,130,794 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. INVESTMENTS

At June 30, 1997, the court has investments totaling \$8,625,000 as follows:

	Carrying Amount	Market Value	Fund
Repurchase agreements:			
United States Treasury Note	\$1,000,000	\$1,000,000	Fund
Federal Home Loan Mortgage Corporation	<u>805,000</u>	<u>825,000</u>	General Appropriation
Total	<u>\$1,805,000</u>	<u>\$1,825,000</u>	

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

The repurchase agreements are in the name of the court and held in the trust department of a custodial bank selected by the court.

4. GENERAL FIXED ASSETS

At June 30, 1997, the Supreme Court has stewardship responsibility for \$1,503,710 in general fixed assets (movable property) valued at historical cost at the time of acquisition. In addition, the Office of the Judicial Administrator maintains an inventory of \$1,194,368, which includes fixed assets located at various appellate, district, juvenile, and family courts throughout Louisiana. These assets were purchased by the judges of these courts with the approval of the Judicial Administrator by authority of R.S. 13:296.009. The Louisiana Indigent Defender Board was created by the Louisiana Supreme Court Rule XXIX, promulgated on July 1, 1994. The board maintains an inventory of movable property valued at \$25,855.

A summary of general fixed assets - movable property for the year ended June 30, 1997, for the Supreme Court and for the inventory of the other courts in Louisiana maintained by the Judicial Administrator's Office is as follows:

	Balance at July 1, 1996	Full Price Adjustment	Balance at July 1, 1996 Revised	Additions	Disposals and Adjustments	Balance at June 30, 1997
Law Library	\$108,130	\$13,650	\$121,780	\$25,363		\$147,143
Judicial Administrator	415,794		415,794	25,040	(\$11,044)	429,790
Clerks of the Supreme Court	1,081,265	148,473	1,229,738	89,626		1,319,364
Total Supreme Court	1,605,189	162,123	1,767,312	140,029	(\$12,044)	1,895,297
Louisiana Indigent Defender Board	25,855		25,855			25,855
Other courts in Louisiana	1,102,737		1,102,737	71,807	(\$1,995)	1,172,549
Total inventory	\$1,734,331	\$162,123	\$1,896,454	\$211,836	(\$13,039)	\$1,914,250

The movable property records for the Supreme Court do not include the Supreme Court's portrait collection, which is valued at \$457,350, nor the value of books maintained in the Law Library of Louisiana. A card file inventory is maintained, and the value assigned to these books as appraised by the Law Library is \$5,499,864 as of June 30, 1997.

The court does not own any land or buildings.

5. INTERFUND TRANSFERS

Interfund operating transfers consist of the following:

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

	Transfers <u>In</u>	Transfers <u>Out</u>
General Appropriation Fund	\$4,154	\$2,312
Prisoners' Compensation Fund		10,000
Clerks of the Supreme Court Fee Account Fund	10,800	
Court/Community Relations Film Grant Fund		4,154
State Court Improvement Grant Fund	<u>2,312</u>	
Total operating transfers in/out	<u>\$18,466</u>	<u>\$16,466</u>

6. TRANSFERS TO OTHER ENTITIES

Transfers to other entities consist of the following:

Committee on Professional Ethics and Grievances	\$3,000
First Circuit Court of Appeal	4,869,497
Second Circuit Court of Appeal	2,582,445
Third Circuit Court of Appeal	3,879,498
Fourth Circuit Court of Appeal	3,975,333
Fifth Circuit Court of Appeal	2,453,853
Nineteenth Judicial District Court	230,263
Orleans Parish Criminal Court	52,809
Sanity Commissions	129,666
Board of Jury Commissioners	176,958
Lawyers Assistance Program	<u>10,000</u>
Total	<u>\$17,890,310</u>

7. REAPPROPRIATION OF PRIOR YEAR FUNDS

Act 679 of the 1993 Session of the Louisiana Legislature (the judicial appropriation act) included \$2,341,572 for the Supreme Court to pay the unfunded liability for judicial retirement for fiscal year ended June 30, 1994. However, Act 328 of the 1993 Session of the Louisiana Legislature directed the Louisiana State Employees Retirement System to pay the unfunded liability for judicial retirement. At June 30, 1994, the Supreme Court had reserved \$705,604 of these appropriations for the unfunded salary and office expenses of four judgeships. During the fiscal year ended June 30, 1995, the Supreme Court agreed that the appropriated funds, less the actual expenditures for the four judgeships of \$705,604, should be returned to the state. At June 30, 1995, these funds totaling \$2,176,768 were still payable to the state. Subsequently, Act 28 of the 1997 Session of the Louisiana Legislature (capital outlay budget) reappropriated these funds from the state General Fund to the Louisiana Judiciary to fund renovation, planning, and construction of an existing building at 400 Royal Street in New

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

Clerks. As a result, the fund equity - fund balance - reserves for the General Appropriation Fund as of June 30, 1995, has been restated as follows:

Fund equity - fund balance - reserves as previously reported	<u>\$3,095,395</u>
Reappropriation of prior year funds	<u>2,175,788</u>
Fund equity - fund balance - reserves as restated	<u>\$5,271,183</u>

8. PENSION PLANS

The clerk of court and assistant deputy clerks of the court are members of the Louisiana Clerks Retirement and Relief Fund. Substantially all other employees and judges are members of the Louisiana State Employees Retirement System. Both plans are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Required disclosures for these plans for fiscal year 1995-97 are included in the Louisiana Comprehensive Annual Financial Report prepared by the Louisiana Division of Administration, Post Office Box 94025, Baton Rouge, Louisiana 70804-8025.

9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The court provides certain continuing health and life insurance benefits for its retired employees. Substantially all of the court's employees become eligible for these benefits if they reach normal retirement age while working for the court. These benefits for retirees and similar benefits for active employees are provided through insurance companies whose monthly premiums are paid jointly by the employee and the court. The court recognized the cost of providing these benefits for active employees (court's portion of premiums) as an expenditure when paid during the year, which was \$750,415 for the year ended June 30, 1997. The court's cost of providing retiree health care and life insurance benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1997, the cost of retiree benefits totaled \$487,140.

10. COMPENSATED ABSENCES

The liability for unused annual leave payable at June 30, 1997, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section 230.155, is estimated at \$435,688. The leave payable is not recorded in the accompanying financial statements.

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

11. LEASE COMMITMENTS

The Supreme Court has entered into three rental lease agreements for office space. The court's lease agreements have non-appropriation excusatory clauses that allow lease cancellations if the legislature does not make an appropriation for their continuation during future fiscal years. Total rental expenditures for these operating leases during the 1998-1997 fiscal year amounted to \$107,035. The anticipated annual rental payments for office space for the next four fiscal years are presented in the following schedule:

Location	<u>1997-1998</u>	<u>1998-1999</u>	<u>1999-2000</u>	<u>2000-2001</u>	<u>2001-2002</u>
1565 Poydras	\$124,894	\$133,682	\$133,682	\$89,848	Not available
601 St. Charles	28,535	28,535	32,476	32,476	\$82,476
210 Baratarie	16,544				

12. RESERVES FOR CONTINUING OPERATIONS

As shown on Statement A, the Supreme Court of Louisiana has reserves for continuing operations totaling \$5,583,289 at June 30, 1997. These funds may be retained and used to defray the expenditures of the court, as provided by R.S. 13:10.3 for the Judges' Supplemental Compensation Fund, R.S. 13:104 for the Clerk of the Supreme Court Fee Account Fund, and Act 1085 of 1997 for all other appropriated funds. The fund balances in the other non-appropriated funds are considered restricted or reserved for the purposes for which the funds were collected, granted, or derived. The reserves for continuing operations are detailed as follows:

Appropriated funds:	
General Appropriation Fund:	
400 Royal Street Construction (note 15)	\$4,675,769
Court's Relocation Expenses	685,177
Operations and Maintenance	1,388,354
Indigent Defender Board	1,298,800
Judges' Supplemental Compensation Fund	483,319
Total Court Case Management Information Fund	69,980
Non-appropriated funds:	
Judicial College - Seminar Fund	131,735
Clerk of the Supreme Court Fee Account Fund	488,881
Law Library Self-Generated Fees Fund	167,890
Task Force on Women in the Courts Fund	10,593
Task Force on Racial and Ethnic Fairness Fund	2,203
Attorney Dispute Resolution Fund	1,840
Total	<u>\$8,583,289</u>

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA**

Notes to the Financial Statements (Continued)

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

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

14. DEFERRED COMPENSATION PLANS

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

15. SUBSEQUENT EVENTS

Act 1261 of the 1997 Session of the Louisiana Legislature established the Indigent Defense Assistance Board within the Office of the Governor effective December 31, 1997, thereby transferring control of the Louisiana Indigent Defender Board to the Office of the Governor. As such, financial activity of the Indigent Defender Board Fund will no longer be reported as part of the Supreme Court of Louisiana reporting entity beginning January 1, 1998.

In addition, as discussed in note 7, Act 25 of the 1997 Session of the Louisiana Legislature (capital outlay budget) reappropriated \$2,175,768 originally set aside to pay the unfunded liability for judicial retirement to fund renovation, planning, and construction of an existing building at 400 Royal Street in New Orleans for the Supreme Court. The act also reappropriated for this purpose \$2,560,000 previously set aside by the Supreme Court for acquisition of land for a parking lot, making a total of \$4,635,768 available for the renovation, planning, and construction of the building (note 12).

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
SUPPLEMENTAL INFORMATION SCHEDULES
*As of and for the Year Ended June 30, 1997***

NON-APPROPRIATED FUNDS

Schedule 1 presents a combining balance sheet for all non-appropriated funds as of June 30, 1997.

Schedule 2 presents a combining schedule of revenues, expenditures, and changes in fund balances for all non-appropriated funds for the year ended June 30, 1997.

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

Combining Balance Sheet (Legal Basis), June 30, 1997

	JUDICIAL COURSES - BONAPPE FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND	LAW LIBRARY BUD- GENERATED FEE FUND	LAWYER/GOV CONSUMER IS GOVING FUND
ASSETS				
Cash and cash equivalents	\$28,844	\$401,788	\$24,894	\$4,429
Investments	671,889		63,288	18,154
Receivables		7,091		
TOTAL ASSETS	\$701,732	\$408,887	\$88,182	\$22,583
LIABILITIES AND FUND EQUITY				
Liabilities - accounts payable		\$8,438		
Guarantee funds				
Total liabilities	\$0.00	\$8,438	\$0.00	\$0.00
Fund Equity - fund balances - reserved for continuing operations	\$701,732	\$400,449	\$88,182	\$22,583
TOTAL LIABILITIES AND FUND EQUITY	\$701,732	\$408,887	\$88,182	\$22,583

TRADITIONAL ON RACIAL AND ETHNIC ISSUES FUNDS	ALTERNATIVE DEVELOPMENT TRADITIONAL FUNDS	BRANCH GRANT FUNDS	PROTECTIVE ORDER GRANT FUNDS	WOMEN IN GRANT FUNDS	EMPOWERED TRAINING (GRANT) FUNDS	TOTAL
	\$200 000					\$200,771 000,000
\$0,121		\$87,885	\$0,276	\$0,770	\$0,000	489,398
\$0,121	\$1,040	\$87,885	\$0,276	\$0,770	\$0,000	\$1,220,142
			\$200			\$200
\$0,000		\$87,885	\$0,276	\$0,770	\$0,000	\$89,331
\$200	\$0,000	\$87,885	\$0,276	\$0,770	\$0,000	489,398
\$0,000	\$1,040	\$0,000	\$0,000	\$0,000	\$0,000	\$10,142
\$0,121	\$1,040	\$87,885	\$0,276	\$0,770	\$0,000	\$1,220,142

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

**Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis)
For the Year Ended June 30, 1997**

	JUDICIAL COURSES - \$666,000 FUND	CLERK OF THE SUPREME COURT FEE \$-COUNT FUND	LABORATORY SELF- GENERATED FEE FUND	COURT'S COMMUNITY RELATIONS SUBCOMMITTEE FUND GRANT FUND
REVENUES				
Events - federal				
Fees and self-generated revenues:				
Court fees		\$203,400		
Copy fees		25,954	953,750	
Fee collections		11,871		
Service fees	\$241,000			
Sales of acts of the legislature			3,800	
Computer-assisted research fees			11,026	
Workshop fees			10,000	
Miscellaneous		1,028	79	
Use of money and property -				
Interest earnings	6,801	1,050		
Transfers-in	190,820	50,000	40,010	5000
	<u>648,621</u>	<u>261,324</u>	<u>1,007,635</u>	<u>5000</u>
EXPENDITURES				
Personnel		5004		
Taxes	21,210	23,088	944	
Operating supplies and services	6,640	150,500	60,576	
Professional services	164,475	90,569	13,050	
Other charges		21,393	500	
Transfers-out	<u>243,330</u>	<u>275,550</u>	<u>23,770</u>	<u>5000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>405,291</u>	<u>-14,226</u>	<u>38,865</u>	<u>5000</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		10,000		
Operating transfers out				(64,514)
Transfers-in financing sources (uses)	<u>6000</u>	<u>10,000</u>	<u>6000</u>	<u>(64,514)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	<u>411,291</u>	<u>-4,226</u>	<u>44,865</u>	<u>(59,514)</u>
FUND-BALANCES AT BEGINNING OF YEAR				
	<u>111,404</u>	<u>460,540</u>	<u>61,641</u>	<u>64,514</u>
FUND-BALANCES AT END OF YEAR	<u>\$522,685</u>	<u>\$456,314</u>	<u>\$106,726</u>	<u>\$5,000</u>

TASK FORCE ON WOMEN ECONOMY FUND	TASK FORCE ON RACIAL AND ETHNIC DIFFERENCES FUND	ALTERNATIVE DISPUTE RESOLUTION TASK FORCE FUND	GRANT GRANT FUND	PROTECTIVE ORDER GRANT FUND	EYEWITNESS GRANT FUND	EYEWITNESS GRANT FUND
	\$59,119		\$207,800	\$59,878	\$19,500	\$1,713
		\$1,875				
			\$30,500	\$5,978	\$5,500	\$,713
	1,000			17,000	11,000	
	500		5000	1000		
	1,000		10,100	1,000		
	10,000	1,000	14,000	24,000		
			30,700	17,978	4,078	5,713
NONE	29,600	1,000	87,800	52,978	16,400	3,713
NONE	0,000	0,000	NONE	NONE	NONE	NONE
NONE	0,000	NONE	NONE	NONE	NONE	NONE
NONE	0,000	0,000	NONE	NONE	NONE	NONE
\$19,000	11,000	1,000	NONE	NONE	NONE	NONE
\$19,000	\$1,700	\$1,000	NONE	NONE	NONE	NONE

**SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
NON-APPROPRIATED FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Legal Basis), 1997**

	STATE COURT		TOTAL
	REVENUE FUNDS	EXPENDITURE FUNDS	
REVENUES			
Grants - federal		\$50,000	\$50,000
Grants - state	\$1,000		1,000
Fees and self-generated revenues:			
Court fees			\$83,400
Copyrights			\$8,000
Not educational			15,000
Service fees			148,200
Sales of sale of the legislature			5,000
Computer-assisted research fees			11,300
Facilities fees			10,000
Miscellaneous			5,000
Use of money and property - interest earnings			20,000
Total revenues	<u>\$1,000</u>	<u>\$50,000</u>	<u>\$51,000</u>
EXPENDITURES			
Personnel services		40,000	\$40,000
Travel	1,000	2,000	\$3,000
Operating supplies and services		2,000	\$2,000
Professional services		5,000	\$5,000
Other charges			\$88,000
Total expenditures	<u>\$1,000</u>	<u>\$50,000</u>	<u>\$51,000</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>NONE</u>	<u>\$0.00</u>	<u>\$0.00</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in		2,000	\$2,000
Operating transfers out			<u>\$2,000</u>
Total other financing sources (uses)	<u>NONE</u>	<u>\$2,000</u>	<u>\$0.00</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENSES	<u>NONE</u>	<u>NONE</u>	<u>\$0.00</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>\$0.00</u>
FUND BALANCES AT END OF YEAR	<u>NONE</u>	<u>NONE</u>	<u>\$0.00</u>



DAVID G. RYLL, PRESIDENT
LEGISLATIVE AUDITOR

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STATE OF LOUISIANA
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December 8, 1997

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

SUPREME COURT OF LOUISIANA
STATE OF LOUISIANA
New Orleans, Louisiana

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, as of and for the year ended June 30, 1997, and have issued our report thereon dated December 8, 1997. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Supreme Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Supreme Court's internal control over financial reporting 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 the Supreme Court'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 following paragraphs.

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SUPREME COURT OF LOUISIANA STATE OF LOUISIANA

Compliance and Internal Control Report

December 8, 1997

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Inadequate Payroll Records

For the second consecutive year, the Supreme Court of Louisiana did not require that the Orleans Criminal District Court, whose staff is paid by the Judicial Administrator's Office of the Supreme Court, submit time and attendance certifications to support the payment of salaries. Also, certain Judicial District Courts, whose employees are paid by the Judicial Administrator's Office of the Supreme Court, were not required to submit similar certifications during the fiscal year ended June 30, 1997.

The Supreme Court of Louisiana has established and implemented a time and attendance record-keeping policy for its employees, and the procedures include positive verification of each employee's time and attendance signed by the employee's supervisor. There are certain criminal and judicial district courts for which salaries and related expenditures are appropriated to the Supreme Court and paid from the payroll system of the Judicial Administrator's Office of the Supreme Court. The Supreme Court exercises no regular oversight over the operations of these courts. As such, the Orleans Criminal District Court and the Judicial District Courts have not been included in the Supreme Court's time and attendance policies and procedures.

Our test of payroll records for two pay periods revealed the following:

- Nineteen percent (15 of 78) of the employees at the Orleans Criminal Court and certain other Judicial District Courts that were paid in April 1997 did not submit time and attendance certifications.
- Twenty-nine percent (23 of 78) of the employees that were paid in May 1997 did not submit time and attendance certifications.

Inadequate authorization and support for payroll expenditures paid through the Supreme Court increases the risk that errors and/or fraud may occur and not be detected in a timely manner.

Article V, Section 5 of the Louisiana Constitution of 1974 provides the Supreme Court of Louisiana with general supervisory jurisdiction over all other courts, including establishing procedural and administrative rules not in conflict with state law. Using this authority, the Supreme Court should extend its time and attendance record-keeping policy to all employees paid from the payroll system of the Judicial Administrator's Office of the Supreme Court of Louisiana, including the staffs of the district courts. In a letter dated December 8, 1997, Dr. Hugh M. Collins, Judicial Administrator, stated that the Supreme Court recognizes the necessity of internal control of the payroll function. Dr. Collins also stated that the court will consider the appropriateness of establishing a

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STATE OF LOUISIANA
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time and attendance record keeping policy for all of the judiciary employees who receive payroll checks issued by the Judicial Administrator's Office.

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 do not consider the reportable condition described previously to be a material weakness.

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

Respectfully submitted,

Daniel G. Kyle, CPA, CFE
Legislative Auditor

LL.LW60d

6/20/98