

STATE OF LOUISIANA  
LEGISLATIVE AUDITOR

32/14  
7-165

Supreme Court of Louisiana  
State of Louisiana  
New Orleans, Louisiana

August 2, 1995



*Financial and Compliance Audit Division*

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*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, 1994  
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.

August 2, 1995

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

**Special Purpose Financial Statements  
and Independent Auditor's Report  
As of and for the Year Ended June 30, 1994  
With Supplemental Information Schedules**

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June 14, 1995

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, 1994, as listed in the foregoing table of contents. These special purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Act 679 of the 1993 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

LEGISLATIVE AUDITOR

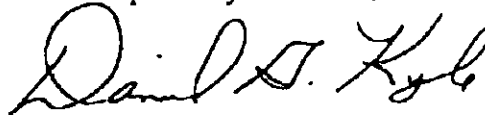
SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
Audit Report, June 30, 1994

Louisiana. The non-appropriated funds are individual funds of the State of Louisiana not subject to budgetary control. Furthermore, the special purpose financial statements have been prepared on a legal basis of accounting, the purpose of which is to reflect compliance with the annual appropriation acts for the appropriated funds and the financial position of the non-appropriated funds. These procedures differ from generally accepted accounting principles as described in the notes to the financial statements. Accordingly, the accompanying special purpose financial statements are not intended to and 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, 1994, and the transactions of such funds for the year then ended, on the basis of accounting described in note 1-B.

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.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

SAZ:LWM:dl

(SUPCRT)

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

Balance Sheet, June 30, 1994

	APPROPRIATED FUNDS				TOTAL (MEMORANDUM ONLY)
	GENERAL APPROPRIATION	JUDGES' SUPPLEMENTAL COMPENSATION FUND	CASE MANAGEMENT INFORMATION FUND	NON- APPROPRIATED FUNDS	
<b>ASSETS</b>					
Cash and cash equivalents (note 2)	\$2,831	\$10,487	\$265,214	\$385,331	\$661,863
Investments (note 3)	6,441,837	80,782	6,274	271,907	6,800,000
Due from other funds	9,279				9,279
Receivables	71,908			8,874	80,782
<b>TOTAL ASSETS</b>	<b>\$6,525,855</b>	<b>\$91,269</b>	<b>\$271,488</b>	<b>\$665,312</b>	<b>\$7,553,924</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Cash overdrafts (note 2)	\$1,846,334			\$10	\$1,846,344
Accounts payable	455,528			8,132	463,660
Due to other funds				9,279	9,279
Payroll deductions payable	63,393				63,393
<b>Total Liabilities</b>	<b>2,365,255</b>	<b>NONE</b>	<b>NONE</b>	<b>17,421</b>	<b>2,382,676</b>
Fund equity - fund balance - reserves (note 10)	4,160,600	\$91,269	\$271,488	647,891	5,171,248
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$6,525,855</b>	<b>\$91,269</b>	<b>\$271,488</b>	<b>\$665,312</b>	<b>\$7,553,924</b>

The accompanying notes are an integral part of this statement.

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

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
For the Year Ended June 30, 1994**

	<u>GENERAL APPROPRIATION</u>	<u>PATIENTS' COMPENSATION FUND</u>	<u>APPROPRIATED JUDGES' SUPPLEMENTAL COMPENSATION FUND</u>
<b>REVENUES</b>			
Appropriated by legislature:			
State General Fund	\$41,579,550	\$10,000	\$2,871,736
Fees and self-generated revenues	156,061		1,250
Non-appropriated revenues			
Total revenues	<u>41,735,611</u>	<u>10,000</u>	<u>2,872,986</u>
<b>EXPENDITURES</b>			
Personal services	35,300,003		2,816,710
Travel	937,962		
Operating supplies and services	1,504,296		
Professional services	367,821		
Other charges	713,743		
Non-appropriated expenditures			
Total expenditures	<u>38,823,825</u>	<u>NONE</u>	<u>2,816,710</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>			
	<u>2,911,786</u>	<u>10,000</u>	<u>56,276</u>
<b>OTHER FINANCING SOURCES (Uses)</b> (note 5)			
Operating transfers in	11,068		
Operating transfers out		(10,000)	
Transfers from other entities	33,070		
Transfers to other entities	(518,845)		
Total other financing sources (uses)	<u>(474,707)</u>	<u>(10,000)</u>	<u>NONE</u>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>			
	2,437,079	NONE	56,276
<b>FUND BALANCES AT BEGINNING OF YEAR</b>			
Residual equity transfer	1,701,122	NONE	34,993
	<u>22,399</u>		
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$4,160,600</u>	<u>NONE</u>	<u>\$91,269</u>

The accompanying notes are an integral part of this statement.



Statement B

FUNDS				
CONTAGION OF LIBERTY FUND	TASK FORCE ON WOMEN IN THE COURTS FUND	CASE MANAGEMENT INFORMATION FUND	NON - APPROPRIATED FUNDS	TOTAL (MEMORANDUM ONLY)
		\$422,413		\$44,461,286
			\$1,197,685	579,724
				1,197,685
NONE	NONE	422,413	1,197,685	46,238,695
		73,947		38,190,660
		11,985		949,947
		27,371		1,531,667
		518		368,339
		37,104		750,847
			1,128,685	1,128,685
NONE	NONE	150,925	1,128,685	42,920,145
NONE	NONE	271,488	69,000	3,318,550
			10,000	21,068
			(11,065)	(21,068)
				33,070
				(518,845)
NONE	NONE	NONE	(1,065)	(485,775)
NONE	NONE	271,488	67,932	2,832,775
\$22,399	\$24,424	NONE	555,555	2,338,473
(22,399)	(24,424)		24,424	
NONE	NONE	\$271,488	\$647,891	\$5,171,248

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

**Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis)  
For the Year Ended June 30, 1994**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Appropriated by legislature - state General Fund:			
Supreme Court:			
Salaries - Chief Justice and 7 associate justices	\$680,000	\$680,000	
Supreme Court Proper - staff and other expenses and salary of court crier	3,400,652	3,400,652	
Judicial Council	964,882	964,882	
Judiciary Commission	85,866	138,545	\$52,679
Court reporters	163,156	163,156	
Dues - National Center for State Courts	94,300	94,300	
Retired judges - salaries and expenditures	300,000	431,067	131,067
Law Library of Louisiana	731,423	731,423	
Transferred judges - salaries and expenditures	120,000	120,000	
Retirement benefits to justices and judges - all courts	2,701,164	2,701,164	
Retirement benefits to widows of justices and judges - all courts	1,032,000	1,032,000	
Judicial College	92,030	92,030	
Employer contribution to retirement system	5,091,852	5,091,852	
Civil commitment matters	85,000	50,253	(34,747)
Clerk of Louisiana Supreme Court for selection of attorney chairman of Medical Review Panel - to be paid from Patients' Compensation Fund	10,000	10,000	
Judges' Supplemental Compensation Fund	3,000,000	2,871,736	(128,264)
Trial Court Case Management Fund	300,000	422,413	122,413
Courts of Appeal - salaries of 54 judges	4,320,000	4,320,000	
District Courts:			
Salaries of 167 judges	12,525,000	12,525,000	
District judges - office and travel expenses	1,126,600	1,126,600	
Orleans Parish Civil District Courts - salaries of: 14 judges	1,050,000	1,050,000	
Stenographers and clerks and other judges' expenses	70,000	70,000	
Twentieth Judicial District court reporter - salary and retirement contribution	44,760	44,760	
Clerk of Orleans Parish Civil District Court	10,000	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), 1994**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES (CONT'D)</b>			
Appropriated by legislature - state General Fund: (Cont'd)			
District courts: (Cont'd)			
Employer contribution to group, worker's compensation, general liability, and property insurance	\$1,335,387	\$1,175,270	(\$160,117)
Commissioners of Fifteenth and Nineteenth Judicial Districts - salaries	247,377	247,377	
Law clerk of the Twentieth Judicial District	25,800	25,800	
Orleans Parish Criminal Court:			
Salaries of 11 district judges	825,000	825,000	
Office expenses and employer contribution to group insurance	132,700	142,642	9,942
Salaries of 13 minute clerks	205,283	206,459	1,176
Salaries of 22 court reporters	274,516	274,516	
Salaries and related benefits of 4 commissioners	190,097	190,097	
Office expenses of commissioners	10,000	10,000	
Salaries of commissioners' minute clerks	52,652	52,652	
Salaries of commissioners' court reporters	39,692	39,692	
Judicial Administrator and 6 assistants - salaries and related benefits	205,255	205,255	
Salaries of 8 law clerks	171,845	171,845	
Salaries of 3 secretaries	61,209	61,209	
Other courts - salaries and related benefits:			
Salaries of 61 City Court judges	1,476,634	1,476,634	
Juvenile Court - salaries of 12 judges	900,000	900,000	
Salaries of 4 family, 4 municipal, and 4 traffic court judges and one parish court judge	534,345	534,345	
Juvenile and family courts - office expenses	89,600	89,600	
Orleans Parish Juvenile Protective Care Monitoring Program	113,473	113,473	
Other - interest earnings	157,311	157,311	
Total appropriated revenues	<u>45,046,861</u>	<u>45,041,010</u>	<u>(5,851)</u>

(Continued)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
APPROPRIATED FUNDS  
Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis), 1994**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES</b>			
Supreme Court:			
Salaries - Chief Justice and 7 associate justices	\$680,000	\$675,136	\$4,864
Supreme Court Proper - staff and other expenses and salary of court crier	3,400,652	3,846,706	(446,054)
Judicial Council	964,882	1,021,005	(56,123)
Judiciary Commission	85,866	139,606	(53,740)
Court reporters	163,156	125,476	37,680
Dues - National Center for State Courts	94,300	89,811	4,489
Retired judges - salaries and expenditures	300,000	431,067	(131,067)
Law Library of Louisiana	731,423	780,860	(49,437)
Transferred judges - salaries and expenditures	120,000	120,000	
Retirement benefits to justices and judges - all courts	2,701,164	2,599,470	101,694
Retirement benefits to widows of justices and judges - all courts	1,032,000	915,303	116,697
Judicial College	92,030	93,636	(1,606)
Employer contribution to retirement system	5,091,852	2,241,964	2,849,888
Civil commitment matters	85,000	48,495	36,505
Clerk of Louisiana Supreme Court for selection of attorney chairman of Medical Review Panel - to be paid from Patients' Compensation Fund	10,000		10,000
Judges' Supplemental Compensation Fund	3,000,000	2,816,710	183,290
Trial Court Case Management Fund	300,000	150,925	149,075
Courts of appeal - salaries of 54 judges	4,320,000	4,307,373	12,627
District Courts:			
Salaries of 167 judges	12,525,000	12,515,529	9,471
District judges - office and travel expenses	1,126,600	1,029,471	97,129
Orleans Parish Civil District Courts - salaries of: 14 judges	1,050,000	1,047,379	2,621
Stenographers and clerks and other judges' expenses	70,000	70,000	
Twentieth Judicial District court reporter - salary and retirement contribution	44,760	42,380	2,380
Clerk of Orleans Parish Civil District Court	10,000	10,000	

(Continued)

The accompanying notes are an integral part of this statement.

## Statement C

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
APPROPRIATED FUNDS  
Statement of Revenues, Expenditures,  
and Unexpended Appropriation -  
Budget Comparison of Current-Year  
Appropriation - Budget (Legal Basis), 1994**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<b>EXPENDITURES (CONT'D)</b>			
<i>District Courts: (Cont'd)</i>			
Employer contribution to group, worker's compensation, general liability, and property insurance	\$1,335,387	\$1,175,270	\$160,117
Commissioners of Fifteenth and Nineteenth Judicial Districts - salaries	247,377	247,377	
Law clerk of the Twentieth Judicial District	25,800	25,488	312
Salaries of 11 district judges	825,000	825,000	
Office expenses and employer contribution to group insurance	132,700	142,642	(9,942)
Salaries of 13 minute clerks	205,283	206,459	(1,176)
Salaries of 22 court reporters	274,516	272,626	1,890
Salaries and related benefits of 4 commissioners	190,097	185,521	4,576
Office expenses of commissioners	10,000	9,168	832
Salaries of commissioners' minute clerks	52,652	52,652	
Salaries of commissioners' court reporters	39,692	39,187	505
<i>Orleans Parish Criminal Court:</i>			
Judicial Administrator and 6 assistants - salaries and related benefits	205,255	210,649	(5,394)
Salaries of 8 law clerks	171,845	172,719	(874)
Salaries of 3 secretaries	61,209	62,929	(1,720)
<i>Other courts - salaries and related benefits:</i>			
Salaries of 61 city court judges	1,476,634	1,408,671	67,963
Juvenile Court - salaries of 12 judges	900,000	900,000	
Salaries of 4 family, 4 municipal, and 4 traffic court judges and one parish court judge	534,345	534,345	
Juvenile and family courts - office expenses	89,600	86,181	3,419
Orleans Parish Juvenile Protective Care Monitoring Program	113,473	116,274	(2,801)
Other - interest earnings	157,311		157,311
Total appropriated expenditures	<u>45,046,861</u>	<u>41,791,460</u>	<u>3,255,401</u>
<b>UNEXPENDED APPROPRIATION - CURRENT YEAR</b>	<u>NONE</u>	<u>\$3,249,550</u>	<u>\$3,249,550</u>

(Concluded)

The accompanying notes are an integral part of this statement.

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA**

Notes to the Financial Statements  
As of and for the Year Ended June 30, 1994

**INTRODUCTION**

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

The court's operations are funded through an annual lapsing appropriation made by the Louisiana Legislature and from self-generated revenues authorized by LSA-R.S. 13:352. In addition to the fees mandated by LSA-R.S. 13:352 relative to appeals, applications for writs, motions filed on unlogged appeals, and answers to appeals, the various courts, in compliance with Act 63 of the 1985 Session of the Louisiana Legislature and in conformity with the Judges' Supplemental Compensation Fund, charge an additional fee of \$13.50. The total amount collected in connection with the Judges' Supplemental Compensation Fund is collected by the various lower courts and remitted to the Judicial Administrator's Office of the Supreme Court of Louisiana.

**I. 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**

The State of Louisiana has been determined to be the reporting entity under generally accepted accounting principles. 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 General Appropriation Fund of the accompanying financial statements. The general purpose financial statements are audited by the Louisiana Legislative Auditor.

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

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

- The Judicial Administrator's Office is responsible for all appropriated and non-appropriated funds of the court, except those self-generated fees collected and accounted for by the Clerk of the Supreme Court, the Louisiana Law Library, and the Judicial College. Furthermore, the Judicial Administrator's Office provides a central payroll system for the payment of salaries to all state, district, and certain city court judges, as well as minute clerks, court reporters, et cetera. This office also pays certain expenses of the various courts throughout the state.

- The Office of the Clerk of the Supreme Court is responsible for collecting and accounting for the receipt and expenditure of filing fees and other self-generated revenues as provided by LSA-R.S. 13:124. These are funds not appropriated or accounted for by the Judicial Administrator.

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA**

**Notes to the Financial Statements (Continued)**

- 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 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 679 of 1993, Special Acts Judiciary, are not administered by the Supreme Court of Louisiana and, therefore, are not included in the accompanying financial statements. These units are subject to separate audit and are listed as follows:

<u>Schedule No.</u>	<u>Appropriation</u>
03-8170-05	Committee on Professional Ethics and Grievances
03-8171-04	First Circuit Court of Appeal
03-8171-05	Second Circuit Court of Appeal
03-8171-06	Third Circuit Court of Appeal
03-8171-07	Fourth Circuit Court of Appeal
03-8171-08	Fifth Circuit Court of Appeal
03-8172-01I	Judicial Expense Fund of the Nineteenth Judicial District Court - office expenses
03-8172-01J	Judicial Expense Fund of the Fifteenth Judicial District Court - office expenses
03-8173-L	Sanity Commissions
03-8173-M	Board of Jury Commissioners

**C. FUND ACCOUNTING**

The court uses fund accounting, along appropriation lines, to reflect its compliance with provisions of the annual appropriation act and to reflect the financial position and results of operations of its non-appropriated funds; this differs from the fund accounting of generally accepted accounting principles where the intent is to measure the financial position and results of the governmental reporting entity as a whole.



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

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.

**Patients' Compensation Fund**

The Patients' Compensation Fund, as provided in LSA-R.S. 40:1297.47, is used to pay the administrative expenses of the Office of the Clerk of the Louisiana Supreme Court attributable to the selection process of the attorney chairman of the Medical Review Panel.

**Judges' Supplemental Compensation Fund**

The Judges' Supplemental Compensation Fund was created under Act 63 of the 1985 Regular Session of the Louisiana Legislature and provides for the creation of a fund to be used for salary supplements to judges and commissioners. The fund is financed by the increased cost of civil filings.

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

**Contagion of Liberty Fund**

The Contagion of Liberty 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 planning, promoting, and conducting a legal and judicial educational colloquium commemorating the Bicentennial of the French Revolution, the Declaration of Rights of Man and the Citizen, and the initial drafting of the Bill of Rights of the United States Constitution. Since no further expenditures are anticipated for the above events, the unexpended balance of \$22,399 was transferred to the General Appropriation Fund during the fiscal year ended June 30, 1994.

**Case Management Information  
System Fund**

The Case Management Information System Fund was originated by Act 152 of the 1993 Regular Session of the Legislature and provides for the creation of a fund 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-tracked proto-type development of the criminal disposition component of the overall information system. The fund is financed by an assessment of court costs on all criminal and traffic convictions.

**NON-APPROPRIATED FUNDS**

**Judicial College - Seminar Fund**

The Judicial College - Seminar Fund is used to account for fees and expenses associated with seminars conducted for the education of Louisiana judges. Funding is received from collected registration fees. The balance remaining in the program at June 30, 1994, will be used to sponsor seminars and special projects relative to judicial education for Louisiana judges during the fiscal year ended June 30, 1995.

**Disciplinary Fund**

The Disciplinary Fund accounts for annual assessments collected by the Clerk of the Supreme Court on all members of the Louisiana State Bar Association for disciplinary administration and enforcement. The proceeds are transferred to

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

the Disciplinary Board of the Louisiana State Bar Association, which provides prosecutorial and adjudicative functions for the Louisiana Supreme Court. Activities of the board are not accounted for in the accompanying statements and are subject to audit by independent certified public accountants.

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

The Clerk of the Supreme Court Fee Account Fund is used to account for filing fees, copies of court records, and other revenues received by the court, as provided by LSA-R.S. 13:124, and interest earned on time deposits. The fund is used to pay expenditures approved by the Supreme Court of Louisiana that are not paid by funds appropriated to the Clerk of the Supreme Court.

**Law Library Self-Generated Fees Fund**

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

**Courts/Community Relations**  
**Subcommittee Film Grant**

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

**Task Force on Women in the Courts Fund**

The Task Force on Women in the Courts Fund was created by the Supreme Court in accordance with the Rules of the Judicial Budgetary Control Board and by authority of Act 348 of 1988, and is used to account for expenditures attributable to the following purposes of the fund: to determine whether the design, operation, laws, rules, practices, and conduct of the judicial system

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

result in inequality between men and women litigants, lawyers, judges, witnesses, court personnel and all those who come into contact with the judicial system; to assess the real or perceived effects of gender bias on courtroom interaction and the judicial decision-making process; and to educate the bench, bar and public about gender fairness in the judicial system and to make appropriate recommendations. At June 30, 1993, the Appropriated Fund, Task Force on Women in the Courts Fund had a balance of \$24,424. This balance represented non-appropriated contributions to this fund, and during the fiscal year ended June 30, 1994, was transferred to the non-appropriated fund established for the same purpose.

**Task Force on Racial and Ethnic Fairness**

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

**Alternative Dispute Resolution Task Force**

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

**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.

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

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 appropriations 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.

**Expenditures**

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

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

**Other Financing Sources (Uses)**

Transfers between funds or parts 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  
AND INVESTMENTS**

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

In accordance with LSA-R.S. 49:327(C)(3), the court is authorized to invest funds in direct United States Treasury obligations, United States government agency obligations, direct security repurchase agreements, and reverse direct security repurchase agreements for federal obligations listed previously. The investments involve a repurchase agreement of a United States Treasury note.

**F. GENERAL FIXED ASSETS**

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

**G. LONG-TERM OBLIGATIONS**

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

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

1994-95  
1993-94

**H. BUDGET PRACTICES**

By rule of the Supreme Court of Louisiana, the Judicial Budgetary Control Board was created with the authority to approve the transfer of funds within the court as needed. The appropriation made for the operations of the court is an annual lapsing appropriation and is recorded in the appropriated funds. As provided by Act 679 of 1993, 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 38 of 1994 reappropriated these funds to defray expenses of the judiciary for fiscal years 1994-95, thereby eliminating the requirement to return the unexpended/unencumbered portions to the state General Fund on or before September 1.

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

Revenues per Statement B:	
General Appropriation	\$41,735,611
Patients' Compensation Fund	10,000
Judges' Supplemental Compensation Fund	2,872,986
Case Management Information Fund	<u>422,413</u>
Revenues per Statement C	<u>\$45,041,010</u>
Expenditures per Statement B:	
General Appropriation	\$38,823,825
Judges' Supplemental Compensation Fund	2,816,710
Case Management Information Fund	<u>150,925</u>
Expenditures per Statement C	<u>\$41,791,460</u>

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

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

Original approved budget	\$44,327,333
Increase for Judges' Supplemental Compensation Fund	500,000
Net increases in accordance with Act 679 of 1993	157,311
Increases in accordance with Act 4 of 1994	<u>62,217</u>
Total	<u>\$45,046,861</u>

**I. JUDGES' SALARIES**

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

**J. COMPENSATED ABSENCES**

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

**K. TOTAL COLUMNS ON STATEMENTS**

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



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

**2. CASH AND CASH EQUIVALENTS**

At June 30, 1994, the court has cash and cash equivalents (book balances) (net of an overdraft of \$1,846,344) as follows:

Petty cash	\$650
Cash with state treasury	264,588
Demand deposits	(1,747,175)
Interest-bearing demand deposits	113,456
Time deposits	<u>186,000</u>
Total	<u>(\$1,182,481)</u>

The balance in the demand deposits includes accounts that are overdrawn. Overdrafts of \$1,846,344 resulted from a large number of vendor and payroll checks written at the end of June 1994 and covered by maturing investments and transfers from other accounts. 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. At June 30, 1994, the court has \$841,720 in deposits (collected bank balances). These deposits are secured from risk by \$352,428 of federal deposit insurance and \$459,292 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Cash balances held and controlled by the state treasurer are secured from risk by the state treasurer through separate custodial agreements, and the risk disclosures required by generally accepted accounting principles are included within the state's general purpose financial statements. At June 30, 1994, cash in state treasury totals \$264,588.

**3. INVESTMENTS**

At June 30, 1994, the court has investments totaling \$6,800,000 as follows:

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

	Carrying Amount	Market Value	Fund
Repurchase agreement	<u>\$6,500,000</u>	<u>\$6,810,886</u>	Pooled

The repurchase agreement involves a United States Treasury note, which is uninsured and unregistered in the name of the bank and held in the trust department of a custodial bank selected by the court (GASB Category 3).

**4. GENERAL FIXED ASSETS**

At June 30, 1994, the Supreme Court has stewardship responsibility for \$1,532,018 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 \$924,886, which includes fixed assets located at various appellate, district, juvenile, and family courts throughout Louisiana. These assets were purchased by the judges of those courts with the approval of the Judicial Administrator by authority of LSA-R.S. 13:698-699. The Supreme Court has divided the responsibility for its movable property among three of its offices. The Law Library maintains an inventory of movable property totaling \$152,106 (excluding books). The Office of the Judicial Administrator maintains an inventory of the movable property in its offices valued at \$309,065. The Clerk of the Supreme Court maintains an inventory of the movable property not included in the other two offices valued at \$1,070,847.

A summary of general fixed assets - movable property for the year ended June 30, 1994, for the Supreme Court and for the inventory of the other courts in Louisiana maintained by the Judicial Administrator's Office is as follows:

	Law Library	Judicial Administrator	Clerk of the Supreme Court	Total Supreme Court	Various Courts in Louisiana
Balance, July 1, 1993			\$1,165,272	\$1,165,272	\$873,744
Transfers	\$148,529	\$233,864	(382,383)		
Additions	3,577	75,201	308,175	386,953	58,362
Deletions			(20,207)	(20,207)	(7,220)
Balance, June 30, 1994	<u>\$152,106</u>	<u>\$309,065</u>	<u>\$1,070,847</u>	<u>\$1,532,018</u>	<u>\$924,886</u>

The movable property records for the Supreme Court do not include the Supreme Court's portrait collection, which is valued at \$277,350, nor the value of books maintained in the Law Library of Louisiana. A card file inventory is maintained, and the value assigned to these books as appraised by the law library is \$4,230,304 as of June 30, 1994.

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

The court does not own any land or buildings.

**5. TRANSFERS**

The following details the transfers shown under other financing sources and uses:

	<u>Transfers In</u>	<u>Transfers Out</u>
Operating transfers in/out:		
General Appropriation Fund	\$11,068	
Patients' Compensation Fund		\$10,000
Clerk of the Supreme Court Fee Account Fund	<u>10,000</u>	<u>11,068</u>
Total operating transfers in/out	<u>\$21,068</u>	<u>\$21,068</u>
Transfers to/from other reporting entities:		
First Circuit Court of Appeal		\$27,482
Second Circuit Court of Appeal		37,777
Third Circuit Court of Appeal		283,891
Fourth Circuit Court of Appeal	\$30,239	110,386
Fifth Circuit Court of Appeal		39,148
Criminal Court		15,517
Fifteenth Judicial District Court		3,146
Nineteenth Judicial District Court	2,831	5,257
Board of Jury Commissioners		<u>8,251</u>
Total transfers to/from other reporting entities	<u>\$33,070</u>	<u>\$518,845</u>

**6. PENSION PLANS**

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

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

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

	<u>Employee</u>	<u>Employer</u>
Louisiana Clerks Retirement and Relief Fund	8.25%	8.50%
Louisiana State Employees Retirement System:		
Judges and court officials	11.50%	11.90%
Other employees	7.50%	11.90%

The court's employer contributions are funded by the State of Louisiana through the annual appropriation to the court. Benefits granted by the retirement systems are guaranteed by the State of Louisiana by provisions of the Louisiana Constitution of 1974. For the year ended June 30, 1994, the total payroll for the Supreme Court of Louisiana was \$34,197,915. The court's employer contributions to LCRRF and LASERS and the total payrolls covered by the retirement systems were as follows:

	<u>LCRRF</u>	<u>LASERS</u>
Total covered current-year payroll	\$682,613	\$23,058,567
Employer contribution	58,022	2,741,622
Aggregate pension cost	111,757	5,221,688

In addition, for the year ended June 30, 1994, the Supreme Court of Louisiana paid \$111,566 for the unfunded portion of retired judges' benefits.

Retired judges or their beneficiaries who are not members of the Louisiana State Employees Retirement System are paid by the court according to LSA-R.S. 13:30. There are no employer or employee contributions to cover this pension plan. This plan is funded by the state General Fund through annual appropriations to the court. For the year ended June 30, 1994, the court paid \$3,514,773.

**7. 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

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

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 \$520,889 for the year ended June 30, 1994. The court's cost of providing retiree health care and life benefits are recognized as expenditures when the monthly premiums are paid. For the year ended June 30, 1994, the cost of retiree benefits totals \$267,939.

**8. COMPENSATED ABSENCES**

The liability for unused annual leave payable at June 30, 1994, computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated at \$283,065. The leave payable is not recorded in the accompanying financial statements.

**9. LEASE COMMITMENTS**

The following is a schedule of future minimum lease payments under capital leases for two copier machines, together with the present value of the minimum lease payments, as of June 30, 1994:

Year ending June 30, 1995	\$4,819
Less - amount representing interest	<u>(148)</u>
Present value of net minimum lease payments	<u>\$4,671</u>

The court has no material operating leases.

**10. RESERVES FOR CONTINUING OPERATIONS**

As shown on Statement A, the Supreme Court of Louisiana has reserves for continuing operations totaling \$5,171,248 at June 30, 1994. These funds may be retained and used to defray the expenditures of the court, as prescribed by LSA-R.S. 13:10.3 for the Judges' Supplemental Compensation Fund, LSA-R.S. 13:124 for the Clerk of the Supreme Court Fee Account Fund, and Act 38 of 1994 for all other appropriated and non-appropriated funds. The reserves for continuing operations are detailed as follows:

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

Appropriated funds:	
General Appropriation Fund:	
Acquisitions (land for parking lot)	\$2,500,000
Courts' relocation expenses	1,012,000
Four unfunded judgeships	165,800
Health insurance for retirees	175,000
Operations and maintenance	307,800
Judges' Supplemental Compensation Fund	91,269
Case Management Information Fund	271,488
Non-appropriated funds:	
Judicial College - Seminars Fund	227,651
Clerk of the Supreme Court Fee Account Fund	342,176
Law Library Self-Generated Fees Fund	48,939
Courts/Community Relations Subcommittee Film Project	4,154
Task Force on Women in the Courts Fund :	19,593
Task Force on Racial and Ethnic Fairness	1,000
Attorney Dispute Resolution Fund	4,378
	<hr/>
Total	<u>\$5,171,248</u>

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

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

**12. DEFERRED COMPENSATION PLANS**

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

**SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA  
SUPPLEMENTAL INFORMATION SCHEDULES  
As of and for the Year Ended June 30, 1994**

**NON-APPROPRIATED FUNDS**

Schedule 1 presents a combining balance sheet for all non-appropriated funds as of June 30, 1994.

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, 1994.

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

**Combining Balance Sheet (Legal Basis), June 30, 1994**

	<u>JUDICIAL COLLEGE - SEMINAR FUND</u>	<u>DISCIPLINARY FUND</u>	<u>CLERK OF THE SUPREME COURT FEE ACCOUNT FUND</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$25,771		\$350,723
Investments	201,880		
Receivables		\$10	8,864
<b>TOTAL ASSETS</b>	<u>\$227,651</u>	<u>\$10</u>	<u>\$359,587</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Liabilities:</b>			
Cash overdrafts		\$10	
Accounts payable			\$8,132
Due to other funds			9,279
Total liabilities	NONE	10	17,411
Fund Equity - fund balances - reserves for continuing operations	<u>\$227,651</u>	<u>NONE</u>	<u>342,176</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u>\$227,651</u>	<u>\$10</u>	<u>\$359,587</u>



Schedule 1

LAW LIBRARY SELF- GENERATED FEES FUND	COURTS/ COMMUNITY RELATIONS SUBCOMMITTED JULIA GRANT FUND	TASK FORCE ON WOMEN IN COURTS FUND	TASK FORCE ON RACIAL AND ETHNIC FAIRNESS FUND	ALTERNATIVE DISPUTE RESOLUTION TASK FORCE FUND	TOTAL
\$5,540	\$470	\$2,218	\$113	\$498	\$385,331
43,399	3,684	17,375	887	3,662	271,107
					8,874
<u>\$48,939</u>	<u>\$4,154</u>	<u>\$19,593</u>	<u>\$1,000</u>	<u>\$4,160</u>	<u>\$665,312</u>
					\$10
					8,132
					9,279
NONE	NONE	NONE	NONE	NONE	17,421
<u>\$48,939</u>	<u>\$4,154</u>	<u>\$19,593</u>	<u>\$1,000</u>	<u>\$4,160</u>	<u>\$678,911</u>
<u>\$48,939</u>	<u>\$4,154</u>	<u>\$19,593</u>	<u>\$1,000</u>	<u>\$4,160</u>	<u>\$665,312</u>

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

**Combining Schedule of Revenues, Expenditures,  
and Changes in Fund Balances (Legal Basis)  
For the Year Ended June 30, 1994**

	JUDICIAL COLLEGE - SEMINAR FUND	DISCIPLINARY FUND	CLERK OF THE SUPREME COURT FEE ACCOUNT FUND
<b>REVENUES</b>			
Grants - private			\$25,000
Fees and self generated revenues:			
Court fees			211,108
Copy fees			34,763
Bar admissions			17,675
Seminar fees	\$131,281		
Sales of acts of the legislature			
Sales of Westlaw searches			
Facsimile fees			
Disciplinary fees		\$688,159	
Miscellaneous			161
Use of money and property - interests earnings	6,756	2,970	4,332
Total revenues	<u>138,037</u>	<u>691,129</u>	<u>293,039</u>
<b>EXPENDITURES</b>			
Personal services			16,721
Travel	6,314		15,699
Operating supplies and services	7,646	214	177,332
Professional services	137,267		3,480
Other charges			19,206
Settlement of disciplinary fees		690,915	
Total expenditures	<u>151,227</u>	<u>691,129</u>	<u>232,438</u>
<b>EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES</b>	<u>(13,190)</u>	NONE	<u>60,601</u>
<b>OTHER FINANCING SOURCES</b>			
Operating transfers in			10,000
Operating transfers out			(11,068)
Total financing sources	<u>NONE</u>	<u>NONE</u>	<u>(1,068)</u>
<b>EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES</b>	<u>(13,190)</u>	NONE	<u>59,533</u>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>			
Residual equity transfer	240,841	NONE	282,643
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$227,651</u>	<u>NONE</u>	<u>\$342,176</u>

Schedule 2

LAW LIBRARY SELF- GENERATED FEES FUND	COURTS/ COMMUNITY RELATIONS SUBCOMMITTEE FILM GRANT FUND	TASK FORCE ON WOMEN IN COURTS FUND	TASK FORCE ON RACIAL AND ETHNIC FAIRNESS FUND	ALTERNATIVE DISPUTE RESOLUTION TASK FORCE FUND	TOTAL
			\$1,000		\$26,000
\$22,069					211,108
					56,832
					17,675
					131,281
14,763					14,763
19,500					19,500
10,502					10,502
					688,159
2,696				\$4,950	7,807
69,530	NONE	NONE	1,000	4,950	1,197,685
					16,721
1,715				23	23,751
12,130		\$128		111	197,561
21,162	\$242	4,703		100	166,954
13,239				338	32,783
					690,915
48,246	242	4,831	NONE	572	1,128,685
21,284	(242)	(4,831)	1,000	4,378	69,000
					10,000
NONE	NONE	NONE	NONE	NONE	(11,068)
					(1,068)
21,284	(242)	(4,831)	1,000	4,378	67,932
27,655	4,396	NONE	NONE	NONE	555,535
		24,424			24,424
\$48,939	\$4,154	\$19,593	\$1,000	\$4,378	\$647,891

**OTHER REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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



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

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June 14, 1995

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

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

We have audited the accompanying special purpose (legal basis) financial statements of the Supreme Court of Louisiana, as of and for the year ended June 30, 1994, and have issued our report thereon dated June 14, 1995. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Supreme Court of Louisiana as of and for the year ended June 30, 1994, we considered its internal control structure 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 structure.

Internal control structure consists of the control environment, accounting system, and control procedures used by the court. The internal control structure is the responsibility of management and is used to provide the court with a reasonable, but not absolute, ability to record, process, summarize, and report financial data consistent with the assertions embodied in the accompanying special purpose financial statements; to safeguard public assets; and to comply with laws and regulations. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories:

Revenues/receipts  
Purchases/disbursements/payables  
Payroll/personnel

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Movable property control  
Budgeting  
Financial reporting  
Electronic data processing  
Grant administration

For all of the internal control structure categories listed, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

In accordance with the standards mentioned previously and provisions of state law, we are required to communicate to management, and include in our report, any reportable conditions and/or material weaknesses. Reportable conditions are matters that come to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the court's ability to (1) record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or (2) comply with laws and regulations that could have a material impact on the financial statements. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements, including those relating to compliance with laws and regulations, does not reduce to a relatively low level the risk that errors or irregularities, 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 duties.

In our consideration of the internal control structure, we noted the matters contained in the following paragraphs that we consider to be reportable conditions:

**Internal Audit Function**

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

Considering the court had \$14,518,482 in assets and movable property and \$46,238,695 in revenues for fiscal year ended June 30, 1994, we believe that an

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effective internal audit function is needed to ensure that its assets are safeguarded and its policies and procedures are uniformly applied.

The Supreme Court of Louisiana should take the necessary steps to establish an effective internal audit function. In a letter dated June 14, 1995, the Judicial Administrator, Dr. Hugh M. Collins, stated, in part, that "the Supreme Court agrees with the recommendation, especially in light of the Court's recent adoption of policies regarding the Judicial Employee Compensation Plan and the Judicial Travel Policy, both of which will require tighter internal controls. Accordingly, steps are being taken to create the position of Internal Auditor for the Judicial Branch and to hire a person for the position within the next six months."

#### Movable Property Records

The Supreme Court of Louisiana did not ensure that all of its divisions maintained adequate internal accounting controls over movable property as prescribed by LSA-R.S. 39:321-332. In addition, a good internal control structure requires that adequate control procedures be in place to ensure that (1) the acquisition, valuation, and disposition of movable property is accurately reflected in the accounting records; (2) the location of all movable items is monitored and updated frequently; and (3) amounts recorded in the financial statements are materially correct.

While the court was able to account for all the items of our sample during our audit, our test of movable property records revealed the following weaknesses and exceptions:

1. The court failed to perform timely reconciliations between the property control system and the accounting records. This resulted in a \$178,606 understatement of movable property reported in the financial statements by the Clerk of the Supreme Court. Also, the court did not report \$148,529 of movable property transferred during the year from the Clerk of the Supreme Court to the Law Library of the Supreme Court and at least \$14,871 in items acquired from May 15, 1994, to June 30, 1994, by the Judicial Administrator for the various courts in Louisiana. We also noted that an additional \$49,110 in equipment acquired from November 12, 1991, to June 30, 1994, was not reflected on the

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- Louisiana Property Assistance Agency (LPAA) listing ending September 22, 1994, because of the method of transmitting additions.
2. Two photocopiers acquired by lease purchase in 1989 for a total cost of \$49,097 and two items of equipment acquired by the Judicial College in 1986 for a total cost of \$22,849 were not tagged or reflected on the movable property listings within 45 days of the date of purchase as required by LSA-R.S. 39:323-325.
  3. A transcriber purchased in 1992, valued at \$863, was traded in for another transcriber on October 22, 1993, without first obtaining permission of LPAA. This is an apparent violation of LSA-R.S. 39:330 B(1), which requires that permission be obtained from LPAA before trading in any item of state-owned movable property.

The Supreme Court of Louisiana should make changes in the internal control procedures that would ensure that movable property records are accurately maintained. In a letter dated June 14, 1995, the Judicial Administrator, Dr. Hugh M. Collins, stated, in part, that "we have been in contact with LPAA who assisted us in a revision of our inventory policies assuring us that all property is properly and timely reported to LPAA; all inventory items are tagged; and, differences in Court inventory records and LPAA records will be reconciled."

#### Travel Policy and Procedures

The Supreme Court of Louisiana's policies and procedures for travel reimbursements are not definitive enough to determine if the amounts claimed by the justices and management of the court are in compliance with its travel policy, as well as the federal Internal Revenue Service (IRS) regulations. Prudent business practices dictate that travel policies include adequate internal control procedures to ensure all travel reimbursements are valid and in compliance with the travel policy and IRS regulations. Our review of 12 travel reimbursements to the justices and top management revealed that 8 out of 12 transactions in our sample, 66 per cent, contained at least one of the following exceptions as follows:

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1. Four reimbursements were made without receipts, including \$800 for a condominium rental and \$60 for maid service; \$550 for an airline flight; \$10 for gasoline; and \$132 for taxi cab charges. The court's travel policy requires receipts for lodging but does not address receipts for the other items.
2. Four reimbursements were made without written justification, including \$1,329 for private airplane travel; \$358 for dinner for seminar speakers; \$446 for vehicle rental charges; and \$100 for a convention registration for the spouse of a member of top management. The \$100 was subsequently reimbursed. The court's travel policy does not address these items.
3. The justices are reimbursed \$75 per day and top management \$65 per day for meals and miscellaneous expense when attending meetings and conferences. The travel policy does not require overnight travel in order to be reimbursed per diem. In certain instances, the Internal Revenue Code (IRC) requires that per diem payments be included on the Wage and Tax Statements (Form W-2). These instances include amounts that are paid in excess of Internal Revenue Service (IRS) specified rates and where employer policies do not require substantiation of amounts in excess of those IRS rates. Furthermore, the IRC requires that for the IRS standard specified rate to apply, the employee must be on overnight travel, and in instances where the first and last day of travel is less than an entire day, the specified rate must be prorated. In our review, we noted nine instances where justices received per diems, totaling \$4,175. Because the court's per diem rates exceeded IRS specified rates and substantiation of amounts were not required by the court's travel policy, certain amounts are includable as compensation on the employee's Form W-2. However, because of the lack of substantiation, we could not determine what amounts should be includable on the employee's W-2. The court's travel policy should follow the IRS guidelines, requiring sufficient documentation to determine the amount of taxable benefits to report on IRS Form W-2.

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4. The court is reimbursing the justices and a member of top management for commuting mileage that is not being reported to the IRS on the individual's IRS Form W-2 or Form 1099. The cost of commuting between taxpayer's residence and place of business is not deductible either as a business expense or as a nonbusiness expense.
  - a. The justices are reimbursed 30 cents a mile for daily commuting mileage in excess of 10 miles from their residence to the court. However, only the excess of 29 cents per mile is reported on their IRS Form W-2s.
  - b. A member of top management was reimbursed for commuting mileage for \$2,803 and \$3,597 for calendar years 1993 and 1994, respectively. These reimbursements were not reported on IRS Form W-2 or on a Form 1099.

Because the court's travel policy is not definitive enough, it cannot be determined if the total amount of the travel reimbursements are for court related purposes, or what amount, if any, should be included on the employee's IRS Form W-2. Also, the lack of adequate internal control procedures for reimbursement of travel expense does not give the court assurance that all reimbursements are valid and payable by the court. In addition, because of the lack of adequate internal control procedures, errors and/or irregularities may occur and not be detected by employees in the normal course of their assigned duties.

The Supreme Court of Louisiana should revise its travel policy to include the above recommendations and should monitor requests for travel reimbursements to determine compliance with the revised travel policy. In a letter dated June 14, 1995, the Judicial Administrator, Dr. Hugh M. Collins, stated, in part, that "on May 18, 1995, the Supreme Court adopted a comprehensive travel policy which will become effective July 1, 1995. The new policy requires full documentation, including receipts and written justification for non-routine expenditures, and compliance with Internal Revenue Service Regulations. Documentation has been procured on the eight disbursements in 1993-94 which the auditors found without adequate support. The Court assures you that those disbursements were made for valid expenditures."

LEGISLATIVE AUDITOR

SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA

Internal Control Report

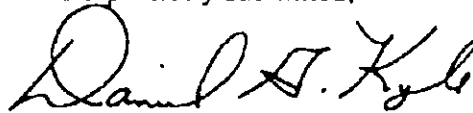
June 14, 1995

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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Because of inherent limitations in any internal control structure, errors and irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the control structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

During our exit conference on June 14, 1995, we discussed with management certain policy and procedural matters that, in our judgment, are not reportable conditions. Our comments on internal control structure are intended for the information and use of the court and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

SAZ:LWM:dl

(SUPCRT)

EXHIBIT A



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June 14, 1995

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

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

We have audited the special purpose (legal basis) financial statements of the Supreme Court of Louisiana, as of and for the year ended June 30, 1994, and have issued our report thereon dated June 14, 1995. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

The results of our tests indicate that, with respect to the items tested, the Supreme Court of Louisiana complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the court had not complied, in all material respects, with those provisions.

Although not material to the special purpose financial statements, the results of our tests indicate that the matters relating to movable property records and travel policy and procedures contained in Exhibit A represent violations of laws and regulations.

We considered these instances of noncompliance in forming our opinion on whether the Supreme Court's 1994 special purpose (legal basis) financial statements are presented fairly, in all material respects, in conformity with the legal basis of accounting described in the notes to the financial statements. This report does not affect our report dated June 14, 1995, on those financial statements.

**EXHIBIT B**

LEGISLATIVE AUDITOR

SUPREME COURT OF LOUISIANA  
STATE OF LOUISIANA

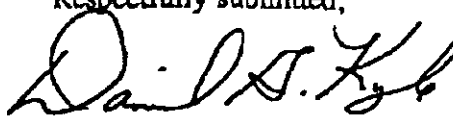
Compliance Report

June 14, 1995

Page 2

Our comments on compliance with laws and regulations are intended for the information and use of the court and its management. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daniel G. Kyle, CPA, CFE  
Legislative Auditor

SAZ:LWM:dl

(SUPCRT)

EXHIBIT B