

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

Release Date 3-7-07

Comprehensive Annual Financial Report



For the Years Ended
December 31, 2005 and 2004

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

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Judicial Expense Fund

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New Orleans, La. 70112

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February 28, 2007

To: Chief Judge Nadine Ramsey
The Judges *En Banc* of the Judicial Expense Fund
The Supreme Court of the State of Louisiana
Citizens of the Parish of Orleans and the State of Louisiana

It is my privilege to present the Comprehensive Annual Financial Report (CAFR) on the financial condition of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans, also including First and Second City Courts, Recorder of Mortgages, and Register of Conveyances for the City of New Orleans (the Judicial Expense Fund), for the fiscal years ended December 31, 2005 and 2004. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514.

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

The CAFR is comprised of the following three sections:

- * The Introductory section, which begins on page 1, contains background and organizational information and summarizes current initiatives;
- * The Financial section, beginning on page 8, includes the independent auditor's report, Management's Discussion and Analysis, government-wide financial statements, fund financial statements, and notes to the financial statements; and
- * The Statistical section, beginning on page 72, presents historical financial data.

GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page 1 immediately following the independent auditor's report, and should be read in conjunction with it.

Independent Audit

These financial statements have been audited by the firm of Bruno and Tervalon LLP, Certified Public Accountants, located in New Orleans, Louisiana. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal years ended December 31, 2005 and 2004 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the Judicial Expense Fund for the years ended December 31, 2005 and 2004 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Accounting Control

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

Profile of the Judicial Expense Fund

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

The Judicial Expense Fund has only one fund, a General Fund. Revenues are comprised primarily of filing fees paid by attorneys and litigants: the Judicial Expense Fund is completely self-funded and does not receive tax revenue of any type. At December 31, 2004 and 2003 the Judicial Expense Fund did not have any debt, and all of the Fund Balance is unreserved.

As the Organizational Chart on page 7 shows, the fourteen judges of Civil District Court, the three judges of First City Court, and the judge of Second City Court form the Judges *En Banc*, which is charged with managing the Judicial Expense Fund in accordance with Louisiana Revised Statutes, Title 13, section 1312. The names of these principal officials can be found on page 6 following this letter. All eighteen judges are elected for six-year terms. The terms of the fourteen judges of Civil District Court expire on December 31, 2008; the terms of the three First City Court judges expire on December 31, 2010; and the term of the Second City Court judge expires on December 31, 2007.

In 2004 the Judges *En Banc* adopted their first budget. The five parochial officials were asked to submit their budgets in August. The Fiscal Administration department presented a government-wide budget to the Finance Committee and the Judges *En Banc* in September. The final budget was adopted at a public hearing held in October, and an amended budget was adopted at a second public hearing held in December. In accordance with Louisiana Revised Statutes, Title 39, section 1305 the budget is prepared by function and character. Management's Discussion and Analysis compares the budget with actual results and discusses the reasons for the major variances. The budget-to-actual financial statement appears on page 66 as part of the basic financial statements.

Factors Affecting Financial Condition

On August 29, 2005, the City of New Orleans was devastated by Hurricane Katrina, the worst natural disaster in U. S. history. As a result, the Judicial Expense Fund's operations were suspended for the entire month of September 2005. We re-opened operations in October of 2005 utilizing four satellite locations in Orleans, Ascension, East Baton Rouge and St. Tammany Parishes. That being the case, the 2005 fiscal year revenues were \$14.6 million and expenses were \$16 million, which resulted in a deficit of \$1.4 million. The reason for the deficit is due largely to the decline in revenues for the three months following the storm while we were displaced. In 2004 revenues were \$18.1 million and expenses were \$16.7 million resulting in an operating excess of \$1.3 million. Before Hurricane Katrina we prepared the 2005 budget estimating revenues at 18.1 million. However, the impact of Hurricane Katrina caused a 29% decline in those revenues.

Capital Improvement Projects

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

Investments

Currently, idle funds are invested only in two money market accounts. Note 2 describes the risks associated with these invested funds.

Risk Management

The Judges *En Banc* manage the Judicial Expense Fund's risks by purchasing commercial insurance policies, including coverage for general liability, property, crime, errors and omissions, professional liability, and workers compensation. Please see Note 9 on page 50 for information on when liabilities are recorded in the financial statements.

Pensions

As is described in detail in Note 3 on page 37, employees of the Judicial Expense Fund participate in one of four multiple-employer defined benefit retirement plans, depending on the employee's job. The Judicial Expense Fund does not guarantee the benefits issued by any of these four pension plans. The employer contribution rates for all four pensions increased in 2004. Note 3 contains additional pension information, including employer and employee contribution rates for 2003 and 2004.

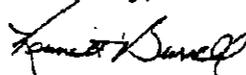
Postemployment Benefits

In June, 2004 the GASB issued Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The Judicial Expense Fund implemented this Statement in 2004, four years earlier than the required implementation date. The actuarial evaluation resulted in an annual required contribution of \$855,035, which has been posted in 2004, and a total actuarial accrued liability of \$7,385,454. Note 11 provides greater detail about postemployment benefits and the actuary's report.

Acknowledgments

I would like to express my sincere thanks to the Judges En Banc, Parochial Officials and their respective staff members for their support in preparing this CAFR. Their hard work and dedication, especially after Hurricane Katrina is to be commended. Also, I would like to thank the staff of the Judicial Expense Fund for their hard work and contributions.

Sincerely,



Kenneth Burrell
Judicial Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carol E. Prange

President

Jeffrey L. Ewell

Executive Director

INTRODUCTORY SECTION



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

PRINCIPAL OFFICIALS

2005 JUDGES *EN BANC*

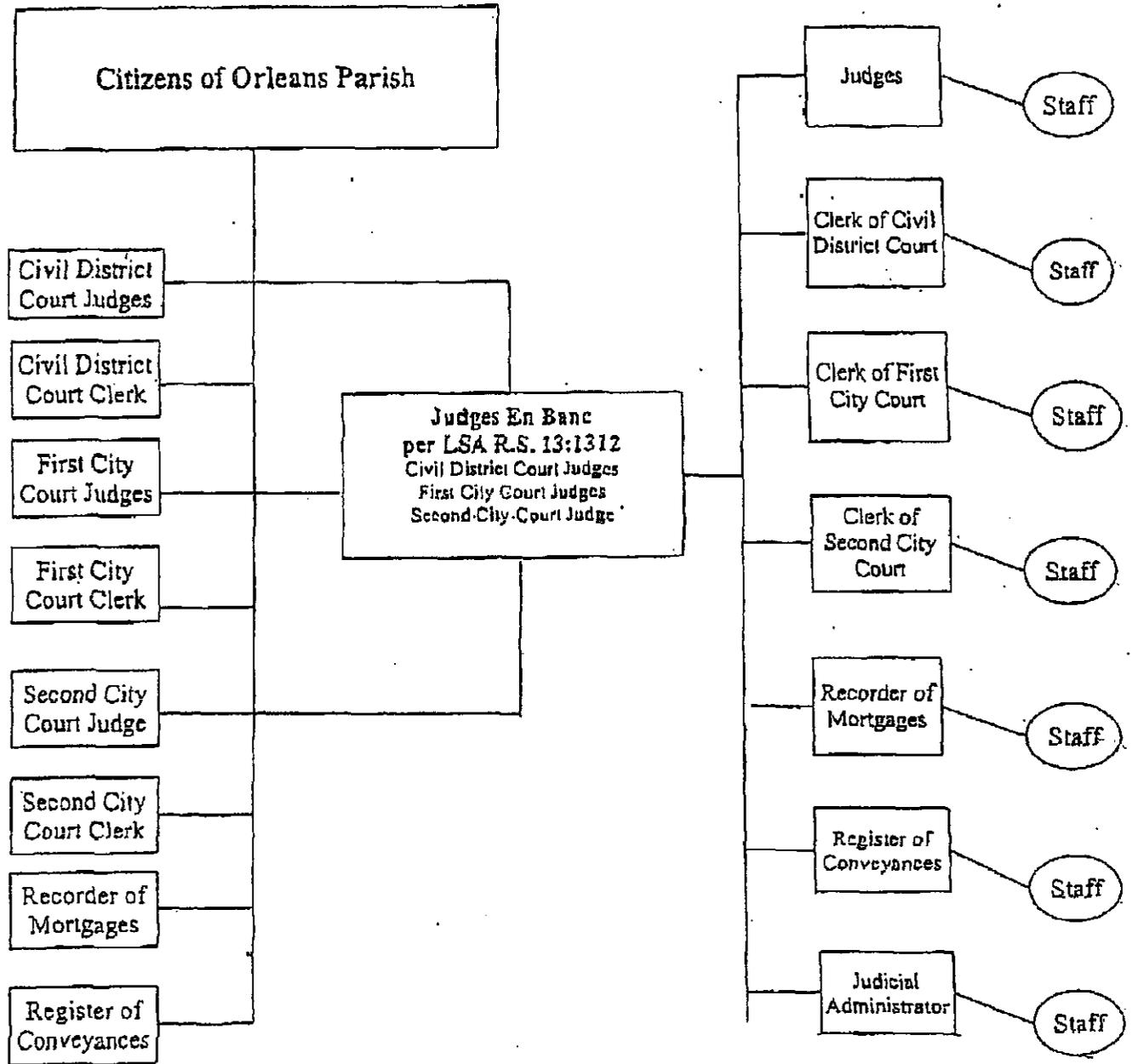
<u>Judge's Name</u>	<u>Court</u>	<u>Division</u>
Carolyn W. Gill Jefferson	Civil District Court	A
Rosemary Ledet	Civil District Court	B
Sidney H. Cates, IV	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Madeleine M. Landrieu	Civil District Court	E
Yada T. Magee	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bagneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Nadine M. Ramsey	Civil District Court	J
Herbert A. Cade	Civil District Court	K
Kern A. Reese	Civil District Court	L
Paulette R. Irons	Civil District Court	M
Ethel Simms Julien	Civil District Court	N
		<u>Section</u>
Charles A. Imbornone	First City Court	A
Angelique A. Reed	First City Court	B
Sonja M. Spears	First City Court	C
Mary "KK" Norman	Second City Court	

2005 PAROCHIAL OFFICIALS

<u>Name</u>	<u>Office</u>
Dale N. Atkins	Clerk of Civil District Court
Ellen M. Hazeur	Clerk of First City Court
Martin L. Broussard, Jr.	Clerk of Second City Court
Desiree M. Charbonnet	Recorder of Mortgages
Gasper J. Schiro	Register of Conveyances

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

Organizational Chart



FINANCIAL SECTION





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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the governmental activities and fund financial statements as listed in the Table of Contents of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the years ended December 31, 2005, and 2004. The governmental activities and fund financial statements are the responsibility of **the Judicial Expense Fund's** management. Our responsibility is to express an opinion on the governmental activities and fund financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the governmental activities and fund financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Judicial Expense Fund's** internal control over reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the governmental activities and fund financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall governmental activities and fund financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

In our opinion, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the **Judicial Expense Fund** as of December 31, 2005, and 2004 and the changes in financial position of those activities and fund for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2007 on our consideration of the **Judicial Expense Fund's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. Also, that report contained an instance of noncompliance.

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

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

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

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2007

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

Introduction to the Two Types of Financial Statements

The **Judicial Expense Fund** has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a specific-purpose government. The fund financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, shown on pages 23 through 25) show the results of operations and financial position using the *current financial resources* measurement focus and the *modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Assets and Statement of Activities, shown on pages 21 and 22) show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual* basis of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private-sector for-profit enterprises.

The difference in *measurement focus* affects the types of transactions and events that are reported in the operating statement. Specifically, since *fund* statements are concerned with only *current* financial resources, noncurrent assets and liabilities are not shown on the Balance Sheet, and their related expenses are not reflected in the operating statements; *government-wide* financial statements *include* noncurrent assets and liabilities and their related expenses. For the **Judicial Expense Fund** at the *fund level*, the full purchase price of capital assets, net of retirements (\$556,713 in 2005 and \$241,205 in 2004) has been recorded as *expenditures* on the operating statement in the year of purchase, since available financial resources have been decreased (cash has been spent to purchase the asset). In contrast, since the *government-wide* statements focus on *total* economic resources, capital assets are shown as noncurrent assets on the Statement of Net Assets (with their related accumulated depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund Balance Sheet excludes noncurrent liabilities (\$48,026 in 2005 and \$49,190 in 2004), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect *total* economic resources, although not *current* financial resources.

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

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

CHART 1:

Overview of Difference in Fund and Government-Wide Financial Statements

	<u>Fund</u>	<u>Government-Wide</u>
Statement of Position	Balance Sheet	Statement of Net Assets
Statement of Operations	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Activities
Measurement focus	Current financial resources	Total economic resources
Basis of accounting	Modified accrual	Accrual

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

CHART 1:

Overview of Difference in Fund and Government-Wide Financial Statements

	<u>Fund</u>	<u>Government-Wide</u>
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets; depreciation expense for the current fiscal year is recorded on the Statement of Activities; total accumulated depreciation expense is shown on the Statement of Net Assets
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditure is not recorded in the operating statement until the expenditure has occurred	Shown on the Statement of Net Assets; the related expense is recorded in the Statement of Activities
Depreciation expense	Not recorded	Recorded in the Statement of Activities
Accumulated depreciation	Not recorded	Shown on the Statement of Net Assets

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

The presentation of the two sets of financial statements is also different. On the fund level, the Balance Sheet shows Assets, Liabilities, and *Fund Balance*, with a reconciliation to the net assets figure which appears at the bottom of the government-wide Statement of Net Assets. All assets and liabilities on the Balance Sheet are current. The government-wide Statement of Net Assets shows Assets and Liabilities, separated into current and noncurrent, and *Net Assets* (the difference between the two). All of the **Judicial Expense Fund's** net assets are unrestricted, although some have been internally designated for capital projects, as explained in detail in NOTE 7.

A significant difference lies in the presentation of the operating statement. The fund Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the *fund balance reconciliation*. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The L-shaped government-wide Statement of Activities, which is read across then down, answers the question "How much did it cost to provide this service?" so it begins with the expenses of each function, followed by *program revenues* (the specific revenues provided by users of the services), to derive at net program revenue (the difference between program revenues and expenses). Reading down the net column, general revenues are added to calculate the change in net assets, which is reconciled to net assets at the end of the year. The five functions of the **Judicial Expense Fund** are (1) the fourteen divisions of Civil District Court; (2) three sections of First City Court; (3) Second City Court; (4) the Office of the Recorder of Mortgages; and (5) the Office of the Register of Conveyances. General and administrative costs are allocated to the five functions based on that function's percent of total revenues derived from filing fees.

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

How 2005 Compares with 2004 - Statement of Net Assets

Chart 2 provides condensed information from the Statement of Net Assets for 2005 and 2004.

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

	<u>2005</u>	<u>2004</u>	<u>Variance Increase (Decrease) Amounts</u>	<u>Variance Increase (Decrease) Percent (%)</u>
Capital assets, net	\$1,087,616	\$ 890,203	\$ 197,413	22
Other assets	<u>8,115,831</u>	<u>9,111,643</u>	<u>(995,812)</u>	(11)
Total assets	<u>9,203,447</u>	<u>10,001,846</u>	<u>(798,399)</u>	(8)
Noncurrent liabilities	1,758,096	49,190	1,708,906	3,474
Other liabilities	<u>1,299,834</u>	<u>1,694,710</u>	<u>(394,876)</u>	(23)
Total liabilities	<u>3,057,930</u>	<u>1,743,900</u>	<u>1,314,030</u>	75
Unrestricted net assets	<u>\$6,145,517</u>	<u>\$ 8,257,946</u>	<u>\$(2,112,429)</u>	(26)

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

Capital assets increased from 2004 to 2005 because purchases net of retirements and depreciation expenses was greater in 2005 by \$197,413. For 2004 depreciation expense (\$327,183) was greater than the \$241,205 increase in (purchases net of retirements) capital assets. In mid-January, 2004 the office of the Clerk of First City Court was converted from the **obsolete 1987 WANG mainframe computer system** to an Internet-based custom-written software application which operates on Windows 2000 Dell servers, allowing for faster file retrieval times and data expansion as court filings increase. The conversion from the WANG computer began in 2001: in 2002 the offices of the Recorder of Mortgages and Register of Conveyances were converted. In 2005, addition to computer equipment and software was \$580,978. NOTES 1 and 4 include details on all of the **Judicial Expense Fund's** capital assets.

The main components of Other Assets are Cash and Accounts Receivable. At December 31, 2005 cash decreased by \$1.9 million primarily as a result of the deficit in net assets resulting from the impact of Hurricane Katrina causing the offices and operations to be temporarily closed in New Orleans. Cash increased by over \$2.1 million in 2004 due, primarily, to the increase in net assets of \$1,348,568 as a result of operations. At December 31, 2005 the increase in current liabilities is the result of accrued expenses resulting from the impact of Hurricane Katrina on the timing and level of current obligations. Current Liabilities increased significantly due to implementing Governmental Accounting Standards Board (GASB) Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, in 2004, which resulted in recording the annual required contribution for postemployment benefits of \$855,035. GASB Statement Number 45 is described in greater detail in NOTE 11. The liability at December 31, 2005 and 2004 has been classified as a non-current obligation. The reclassification results from the unfunded status of the benefit pending the establishment of a trust.

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

How 2005 compares with 2004 - Statement of Activities

Chart 3 below gives comparative data from the Statement of Activities for the fiscal years ended December 31, 2005 and 2004:

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

	<u>2005</u>	<u>2004</u>	Variance Increase (Decrease) <u>Amounts</u>	Variance Increase (Decrease) <u>Percent (%)</u>
Program revenues	\$13,113,732	\$17,828,368	\$ (4,714,636)	(26)
General revenues	<u>1,483,514</u>	<u>277,974</u>	<u>1,205,540</u>	434
Total revenues	<u>14,597,246</u>	<u>18,106,342</u>	<u>(3,509,096)</u>	(19)
Expenses:				
Civil District Court	\$ 9,505,275	10,060,507	(555,232)	(6)
First City Court	2,469,347	2,480,650	(11,303)	(.5)
Second City Court	521,280	548,597	(27,317)	(5)
Recorder of Mortgages	2,315,742	2,074,913	240,829	12
Register of Conveyances	<u>1,898,031</u>	<u>1,593,107</u>	<u>304,924</u>	19
Total expenses	<u>16,709,675</u>	<u>16,757,774</u>	<u>(48,099)</u>	(0.3)
Change in net assets	(2,112,429)	1,348,568	(3,460,997)	(257)
Beginning net assets	<u>8,257,946</u>	<u>6,909,378</u>	<u>1,348,568</u>	20
Ending net assets	<u>\$ 6,145,517</u>	<u>\$ 8,257,946</u>	<u>\$(2,112,429)</u>	(26)

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

Program revenues were lower in 2005 than in 2004 due primarily to the interruption of the **Judicial Expense Fund's** operations. Hurricane Katrina on August 29, 2005 resulted in the closing of the offices of the courts. Filing fees were increased 20% as of August 1, 2003. As a result of the increase, 2004 revenues included the fee increase for all *twelve* months. Also, filing fees increased in 2004 *due to the atypical and infrequent receipt* of over \$1 million from the filing of eleven asbestos class-action lawsuits, each of which had multiple plaintiffs (well over 100) who were each required to pay a separate filing fee. In 2005, the largest component of general revenues was insurance proceeds and grants from FEMA as a result of the disaster caused by Hurricane Katrina on August 29, 2005 to the offices and records of the **Judicial Expense Fund**.

For 2004, the largest component of general revenues was Interest Income, which increased by 28% due to slowly rising interest rates.

For the year ended December 31, 2005, overall operating expenses decreased primarily due to the temporary layoff of employees as a result of Hurricane Katrina.

In 2005, we spent \$74,510 in order to complete the planning stage for the building project.

Facilities costs in 2004 increased due to activity associated with the New Orleans Justice Center, the name of the proposed new courthouse building. In 2004 a financial consultant was retained, in addition to legal counsel, architects, and a court consultant retained in 2003. \$138,492 was spent on this project in 2004, up from \$42,927 spent in 2003 when the project was in its infancy.

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

Budgetary Comparison

Chart 4 below shows the amounts for the original budget, final budget, and actual results for 2005 and 2004.

**CHART 4:
2005 and 2004 Budgetary Comparison Data**

	<u>2005</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 18,106,369	\$ 18,106,369	\$14,597,247
Total revenues	<u>18,106,369</u>	<u>18,106,369</u>	<u>14,597,247</u>
Operating expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>
Total expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>
Change in fund balance	<u>\$(1,878,550)</u>	<u>\$(1,878,550)</u>	<u>\$(1,455,970)</u>
	<u>2004</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$17,812,837	\$17,812,837	\$18,106,342
Other financing sources (uses):			
Fund balance	<u>-0-</u>	<u>800,000</u>	<u>-0-</u>
Total revenues	<u>17,812,837</u>	<u>18,612,837</u>	<u>18,106,342</u>
Operating expenditures	16,750,688	17,550,688	16,442,751
Capital expenditures	<u>396,600</u>	<u>396,600</u>	<u>241,205</u>
Total expenditures	<u>17,147,288</u>	<u>17,947,288</u>	<u>16,683,956</u>
Change in fund balance	<u>\$ 665,549</u>	<u>\$ 665,549</u>	<u>\$ 1,422,386</u>

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

Because of the impact of Katrina as previously described, no budget amendment was adopted for the 2005 budget year. The original 2004 budget was amended once, to add an estimated \$800,000 in postemployment benefits to implement GASB Statement Number 45 in 2004. At the time of the amendment it was estimated that the additional revenues would come from fund balance, so the budget was amended to add fund balance as a revenue source and to increase operating expenditures by the estimated \$800,000.

Actual results did not meet the final budget for 2005. We budgeted \$8.1 million for revenues, but only realized 14.6 million. Expenses were \$16 million, which resulted in a deficit. This was due largely to the impact of Hurricane Katrina.

The City of New Orleans was devastated by Hurricane Katrina on August 29, 2005. As a result, the **Judicial Expense Fund's** operations were suspended for the entire month of September 2005. The Judicial Expense Fund resumed operations in October 2005 in satellite locations in Ascension, East Baton Rouge, Orleans and St. Tammany parishes. In an effort to reduce expenses, the Judicial Expense Fund laid off two-thirds (2/3) of its workforce at the end of October 2005. Hurricane Katrina caused a 29% decline in revenues.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET ASSETS
DECEMBER 31, 2005 AND 2004

ASSETS

GOVERNMENTAL ACTIVITIES

	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash and temporary cash investments (NOTE 2)	\$ 6,676,181	\$ 8,561,175
Accounts receivable	951,235	300,977
Interest receivable (NOTE 6)	408,523	167,077
Prepaid items	<u>79,892</u>	<u>82,414</u>
Total current assets	<u>8,115,831</u>	<u>9,111,643</u>
Noncurrent Assets:		
Capital assets, net of accumulated depreciation (NOTE 4)	<u>1,087,616</u>	<u>890,203</u>
Total noncurrent assets	<u>1,087,616</u>	<u>890,203</u>
Total assets	<u>9,203,447</u>	<u>10,001,846</u>

LIABILITIES

Current Liabilities:		
Accounts payable and accrued expenses	1,051,589	404,379
Supreme Court funds payable	22,843	29,773
Accrued salaries and benefits payable	<u>225,402</u>	<u>405,523</u>
Total current liabilities	<u>1,299,834</u>	<u>839,675</u>
Noncurrent liabilities:		
Compensated absences payable (NOTE 12)	41,082	43,003
Other liabilities (NOTE 12)	6,944	6,187
Unfunded post employment benefits (NOTE 11)	<u>1,710,070</u>	<u>855,035</u>
Total noncurrent liabilities	<u>1,758,096</u>	<u>904,225</u>
Total liabilities	<u>3,057,930</u>	<u>1,743,900</u>

NET ASSETS

Invested in capital assets (NOTE 4)	1,087,616	890,203
Unrestricted (NOTE 7)	<u>5,057,901</u>	<u>7,367,743</u>
Total net assets	<u>\$6,145,517</u>	<u>\$ 8,257,946</u>

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

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	2005				2004			
<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>			<u>Charges for Services</u>	<u>Operating Grants</u>	
Civil District Court	\$9,505,275	\$6,894,879	\$130,663	\$(2,479,733)	\$10,060,507	\$ 9,644,040	\$39,557	\$ (376,910)
First City Court	2,469,347	1,627,451	14,652	(827,244)	2,480,650	2,180,858	-	(299,792)
Second City Court	521,280	169,181	-	(352,099)	548,597	192,916	-	(355,681)
Recorder of Mortgages	2,315,742	2,989,505	21,540	695,303	2,074,913	4,112,471	-	2,037,558
Register of Conveyances	<u>1,898,031</u>	<u>1,244,321</u>	<u>21,540</u>	<u>(632,170)</u>	<u>1,593,107</u>	<u>1,658,526</u>	<u>-</u>	<u>65,419</u>
Total	<u>\$16,709,675</u>	<u>\$12,925,337</u>	<u>\$188,395</u>	<u>(3,595,943)</u>	<u>\$16,757,774</u>	<u>\$17,788,811</u>	<u>\$39,557</u>	<u>\$1,070,594</u>
General Revenues:								
Interest income				676,073				272,244
Other income				<u>807,441</u>				<u>5,730</u>
Total general revenues				<u>1,483,514</u>				<u>277,974</u>
Change in net assets				(2,112,429)				1,348,568
Net assets, beginning of the year				<u>8,257,946</u>				<u>6,909,378</u>
Net assets, end of the year				<u>\$6,145,517</u>				<u>\$8,257,946</u>

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

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
BALANCE SHEET--GOVERNMENTAL FUND
DECEMBER 31, 2005 AND 2004**

ASSETS

	<u>2005</u>	<u>2004</u>
Cash and temporary cash investments	\$6,676,181	\$8,561,175
Accounts receivable	951,235	300,977
Interest receivable	408,523	167,077
Prepaid items	<u>79,892</u>	<u>82,414</u>
Total assets	<u>\$8,115,831</u>	<u>\$9,111,643</u>

LIABILITIES

Accounts payable	\$1,051,589	\$ 404,379
Supreme Court funds payable	22,843	29,773
Salaries and benefits payable	<u>225,402</u>	<u>405,523</u>
Total liabilities	<u>1,299,834</u>	<u>839,675</u>

FUND BALANCE

Unreserved fund balance designated for subsequent years' special projects	6,717,323	7,318,258
Unreserved	<u>98,675</u>	<u>953,710</u>
Total fund balance	6,815,998	8,271,968

Amounts reported for governmental activities
in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund at the fund level.	1,087,616	890,203
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund at the fund level.	<u>(1,758,097)</u>	<u>(904,225)</u>
Net assets	<u>\$ 6,145,517</u>	<u>\$8,257,946</u>

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

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
REVENUES		
Filing fees	\$12,841,037	\$17,716,511
Interest income	676,073	272,244
Remote access fees	84,300	72,300
Grants	188,396	39,557
Other income	<u>807,441</u>	<u>5,730</u>
Total revenues	<u>14,597,247</u>	<u>18,106,342</u>
EXPENDITURES		
Direct:		
Salaries	9,389,802	10,544,810
Employee benefits	3,327,093	3,561,543
Court stenographer and interpreter fees	23,708	35,058
Juror meals and transportation	48,938	96,946
UCC filing fees	<u>40,119</u>	<u>54,801</u>
Total direct expenditures	<u>12,829,660</u>	<u>14,293,158</u>
Indirect:		
Books, printing and copying	291,202	391,367
Building and personal security	124,688	111,680
Furniture, equipment and maintenance	216,952	227,226
Facilities	335,658	449,920
Insurance	112,973	102,463
Office supplies and expenditures	167,840	202,628
Postage and couriers	71,013	76,846
Professional services	149,406	165,803
Communication	193,045	224,448
Other expenditures	<u>872,035</u>	<u>18,642</u>
Page total	<u>2,534,812</u>	<u>1,971,023</u>

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

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE--GOVERNMENTAL FUND, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
EXPENDITURES, CONTINUED		
Indirect:		
Professional education and dues	\$ 132,032	\$ 178,570
Capital expenditures	<u>556,713</u>	<u>241,205</u>
Total indirect expenditures	<u>3,223,557</u>	<u>2,390,798</u>
Total expenditures	<u>16,053,217</u>	<u>16,683,956</u>
Change in fund balance	(1,455,970)	1,422,386
Fund balance, beginning of the year	<u>8,271,968</u>	<u>5,994,547</u>
Adjustment to beginning fund balance	-0-	855,035
Fund balance, beginning of year, as restated	<u>-0-</u>	<u>6,849,582</u>
Fund balance, end of year	<u>\$ 6,815,998</u>	<u>\$ 8,271,968</u>

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

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Net change in fund balance	\$(1,455,970)	\$1,422,386
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays, net of retirements exceed accumulated depreciation in the current period.	180,137	(80,345)
Compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	1,165	6,527
Postunemployment benefits not funded in the current year do not require the use of current financial resources and therefore not reported as expenditures in the governmental fund.	<u>(837,761)</u>	<u>-0-</u>
Change in net assets	<u>\$(2,112,429)</u>	<u>\$1,348,568</u>

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

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

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

NOTE 1 - Summary of Significant Accounting Policies :

Background

The Judicial Expense Fund for the Civil District Court for the Parish of Orleans (the Judicial Expense Fund) is designated by LSA-R.S. 13:1312 as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, and the offices of the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans.

The judges of the Civil District Court for the Parish of Orleans and the judges of the First and Second City Courts of the City of New Orleans, sitting *En Banc* as set forth in LSA-R.S. 13:1312, have sole responsibility and oversight for the **Judicial Expense Fund**. This responsibility and oversight includes control over all revenues deposited into **the Judicial Expense Fund** by the aforementioned courts and offices, all disbursements made by **the Judicial Expense Fund**, the setting of all fees charged by the courts and offices comprising **the Judicial Expense Fund**, and the determination of expenses related to the operations of such courts and offices.

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

The Financial Reporting Entity

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, (GASB 14) established standards for defining and reporting on the financial entity. GASB 14 indicates the focal point for identifying the financial reporting entity is the primary government, which is considered to

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

NOTE 1 - Summary of Significant Accounting Policies , Continued:

The Financial Reporting Entity, Continued

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

As previously discussed, state statute established the **Judicial Expense Fund** as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans, the First and Second City Courts of the City of New Orleans, and the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans which are separate and independent of any other governmental "reporting entity" as defined by GASB 14. In addition, the **Judicial Expense Fund** is financially independent of other governments. Although the **Judicial Expense Fund** conducts its business from a building provided by the City of New Orleans as discussed in NOTE 4, this support is considered incidental in relation to the **Judicial Expense Fund's** total revenues and expenditures and in view of the additions and improvements made to this building by the **Judicial Expense Fund** from its operating revenues over the term of its occupancy which total in excess of \$3,103,753 for 2005 and \$3,074,630 for 2004.

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

Government-Wide and Fund Financial Statements

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

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

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Government-Wide and Fund Financial Statements, Continued

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the **Judicial Expense Fund** considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The **Judicial Expense Fund** reports its governmental fund as follows:

General Fund

The General Fund is used to account for all financial resources of the **Judicial Expense Fund**.

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

NOTE 1 - Summary of Significant Accounting Policies , Continued:

General Fund, Continued

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

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

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

Additionally, the **Judicial Expense Fund** has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and the **Judicial Expense Fund** (pursuant to LSA-R.S. 13:2152). For the years ended December 31, 2005, and 2004, the **Judicial Expense Fund** paid \$72,267 and \$72,062, respectively for each of the four (4) city court judges for a total of \$289,068 and \$288,248, respectively in salaries to these judges.

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

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Capital Assets

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

<u>Asset Class</u>	<u>Estimated Useful Lives in Years</u>
Computer Equipment	5
Computer Software	5
Office Equipment	5
Furniture and Fixtures	10
Leasehold Improvements	3

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

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

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

NOTE 1 - Summary of Significant Accounting Policies , Continued:

Budgets and Budgetary Accounting

Because of the impact of Hurricane Katrina, no budget amendment was adopted for the 2005 budget year. See finding 2005-01 for additional discussion. Also, the Judges *En Banc* at a public meeting on December 19, 2006 adopted a budget for the fiscal year ending December 31, 2007. Furthermore, the Judges *En Banc* held a meeting to amend the previously adopted budget for the fiscal year ended December 31, 2006.

Compensated Absences

Employees who work in the offices of the Clerk of First City Court and the Register of Conveyances are permitted to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave may be carried forward from year to year and is payable upon separation from service. Accrued leave earned but unused by those employees at December 31, 2005 and 2004, respectively, has been included in the accompanying financial statements.

Professional Education and Dues

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

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

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

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Use of Estimates

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

Comparative Data/Reclassifications

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

Governmental Accounting Standards Board (GASB) Numbers 25 and 27

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

Prepaid Items

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

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

NOTE 2 - Cash and Temporary Cash Investments:

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

At December 31, 2005, and 2004, the carrying amounts of the **Judicial Expense Fund's** deposits were \$6,676,181 and \$8,561,175, respectively and the bank balances were \$8,530,786, and \$6,377,236, respectively. Of these amounts, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the **Judicial Expense Fund** and the financial institution and held in safekeeping by the Federal Reserve Bank of Boston.

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

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

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the entity or with an unaffiliated bank or trust company for the account of the entity.

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

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

NOTE 3 - Pension Plans:

Plan Description

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

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

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1501-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184
Employees' Retirement System of the City of New Orleans	City of New Orleans Code Chapter 114

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

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

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

NOTE 3 - Pension Plans, Continued:

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

Louisiana State Employees' Retirement System

8401 United Plaza Blvd.
Baton Rouge, LA 70804-4213
Telephone: (800) 256-3000
Fax: (225) 922-0614
Website: lasers.state.la.us

Louisiana Clerks' of Court Retirement and Relief Fund

11745 Bricksome Avenue -- Suite B-1
Baton Rouge, LA 70816
Telephone: (800) 256-6660
Fax: (225) 291-7424
Website: laclerksofcourt.org

Louisiana Sheriffs' Pension and Relief Fund

1225 Nicholson Drive
Baton Rouge, LA 70802-7537
Telephone: (225) 219-0500
Fax: (225) 219-0521
Website: www.lsprf.com

City of New Orleans

Employees' Retirement System
1300 Perdido Street -- Room 1E12
New Orleans, LA 70112
Telephone: (504) 658-1850
Fax: (504) 299-4162

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

NOTE 3 - Pension Plans, Continued:

Funding Policy

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

Those plans in which the employees of the **Judicial Expense Fund** participate and the specified contribution percentages at December 31, 2005 and 2004 are as follows:

-----2005-----			
	<u>Period</u>	Contribution Percentages	
		<u>Employee</u> (%)	<u>Employer</u> (%)
Louisiana State Employees' Retirement System (LASERS)-Employees	01/01-06/30	7.50	17.80
	07/01-12/31	7.50	19.10
Louisiana State Employees' Retirement System (LASERS) - Judges	01/01-06/30	11.50	17.80
	07/01-12/31	11.50	19.10
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	01/01-06/30	8.25	14.50
	07/01-12/31	8.25	15.75
Louisiana Sheriffs' Pension and Relief Fund (LSPRF)	01/01-06/30	10.00	9.25
	07/01-09/30	10.00	10.75
Employees' Retirement System of the City of New Orleans (ERSCNO)	01/01-12/31	4.00	8.172

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

NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

-----2004-----			
	<u>Period</u>	<u>Contribution Percentages</u>	
		<u>Employee</u>	<u>Employer</u>
		(%)	(%)
Louisiana State Employees' Retirement System (LASERS)-Employees	01/01-06/30	7.50	15.80
	07/01-12/31	7.50	17.80
Louisiana State Employees' Retirement System (LASERS) - Judges	01/01-06/30	11.50	15.80
	07/01-12/31	11.50	17.80
Louisiana Clerks' Retirement and Relief Fund (LCRRF)	01/01-06/30	8.25	11.50
	07/01-12/31	8.25	14.50
Louisiana Sheriffs' Pension and Relief Fund (LSPRF)	01/01-06/30	9.70	9.25
	07/01-09/30	9.80	9.75
	10/01-12/31	10.00	9.75
Employees' Retirement System of the City of New Orleans (ERSCNO)	01/01-12/31	4.00	8.735

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the years ended 2005 and 2004 amounted to:

	<u>2005</u>	<u>2004</u>
	(%)	(%)
LASERS	19.10	17.80
Clerks	15.75	15.73
Sheriffs	10.75	9.61
ERSCNO	Not available	

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

NOTE 3 - Pension Plans, Continued:

Funding Policy, Continued

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

The total payroll of **the Judicial Expense Fund** for 2005 and 2004 amounted to \$9,389,802 and \$10,544,810, respectively. **The Judicial Expense Fund's** contributions to the retirement system and the total covered payrolls by each retirement system by year are as follows:

	-----2005-----				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	<u>\$1,845,215</u>	<u>\$4,235,997</u>	<u>\$664,710</u>	<u>\$1,546,248</u>	<u>\$8,292,170</u>
Employer contribution	<u>\$ 339,422</u>	<u>\$ 638,809</u>	<u>\$ 67,905</u>	<u>\$ 126,359</u>	<u>\$ 1,172,495</u>
Aggregate pension cost	<u>\$ 489,759</u>	<u>\$ 975,962</u>	<u>\$134,377</u>	<u>\$ 188,207</u>	<u>\$ 1,788,305</u>

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

NOTE 3 - Pension Plans, Continued:

	-----2004-----				
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERSCNO</u>	<u>Total</u>
Total covered payroll	<u>\$1,800,151</u>	<u>\$4,841,425</u>	<u>\$709,262</u>	<u>\$1,705,175</u>	<u>\$9,056,013</u>
Employer contribution	<u>\$ 302,807</u>	<u>\$ 627,151</u>	<u>\$ 66,387</u>	<u>\$ 152,230</u>	<u>\$1,148,575</u>
Aggregate pension cost	<u>\$ 446,066</u>	<u>\$1,011,651</u>	<u>\$136,229</u>	<u>\$ 221,940</u>	<u>\$1,815,886</u>

Aggregate pension costs for the respective years ended December 31, 2005, and 2004, and 2003 were \$1,788,305, \$1,815,886, and \$1,845,641, respectively. For 2005 and 2004 actual contributions from the **Judicial Expense Fund** to each of the four pension plans were 100% of the required contributions.

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

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

NOTE 4 - Capital Assets, Net:

The following is a summary of capital assets for the years ended December 31, 2005 and 2004:

	Balance January 1, <u>2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Other</u>	Balance December 31, <u>2005</u>
Computer equipment	\$ 823,932	\$ 244,042	\$ (10,703)	\$ -0-	\$ 1,057,271
Computer software	922,936	336,936		-0-	1,259,872
Office equipment	89,254	10,680	(1,545)	-0-	98,389
Furniture and fixtures	86,793	-0-	(22,697)	-0-	64,096
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
Sub-total	1,942,600	591,658	(34,945)	-0-	2,499,313
Less accumulated depreciation and amortization	<u>(1,052,397)</u>	<u>(376,575)</u>	<u>22,908</u>	<u>(5,633)</u>	<u>(1,411,697)</u>
Net	<u>\$ 890,203</u>	<u>\$ 215,083</u>	<u>\$ (12,037)</u>	<u>\$(5,633)</u>	<u>\$ 1,087,616</u>

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

NOTE 4 - Capital Assets, Net, Continued:

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2004</u>
Computer equipment	\$ 803,753	\$ 20,179	\$ -0-	\$ 823,932
Computer software	694,608	228,328	-0-	922,936
Office equipment	96,556	3,378	(10,680)	89,254
Furniture and fixtures	86,793	-0-	-0-	86,793
Leasehold improvements	<u>19,685</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
Sub-total	1,701,395	251,885	(10,680)	1,942,600
Less accumulated depreciation and amortization	<u>(730,847)</u>	<u>(327,183)</u>	<u>5,633</u>	<u>(1,052,397)</u>
Net	<u>\$ 970,548</u>	<u>\$ (75,298)</u>	<u>\$ (5,047)</u>	<u>\$ 890,203</u>

Depreciation and amortization expense charged to each function for the years ended December 31, 2005, and 2004, are as follows:

	<u>2005</u>	<u>2004</u>
Civil District Court	\$ 205,332	\$183,409
First City Court	56,195	46,753
Second City Court	5,745	4,706
Recorder of Mortgages	76,165	64,902
Register of Conveyances	<u>33,138</u>	<u>27,413</u>
	<u>\$376,575</u>	<u>\$327,183</u>

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

NOTE 4 - Capital Assets, Net:, Continued:

An analysis of changes in accumulated depreciation by asset classification for the years ended December 31, 2005 and 2004 follows:

	Balance January 1, <u>2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Other</u>	Balance December 31, <u>2005</u>
Computer equipment	\$ 543,407	\$140,471	\$ (10,223)	-0-	\$ 673,655
Computer software	393,695	206,380	-0-	-0-	600,075
Office equipment	66,177	12,379	(1,519)	5,633	82,670
Furniture and fixtures	38,168	8,610	(11,166)	-0-	35,612
Leasehold improvements	<u>10,950</u>	<u>8,735</u>	<u>-0-</u>	<u>-0-</u>	<u>19,685</u>
	<u>\$1,052,397</u>	<u>\$376,575</u>	<u>\$ (22,908)</u>	<u>\$5,633</u>	<u>\$1,411,697</u>

	Balance January 1, <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2004</u>
Computer equipment	\$396,129	\$147,278	\$ -0-	\$ 543,407
Computer software	239,117	154,578	-0-	393,695
Office equipment	59,787	12,024	(5,633)	66,178
Furniture and fixtures	28,801	9,366	-0-	38,167
Leasehold improvements	<u>7,013</u>	<u>3,937</u>	<u>-0-</u>	<u>10,950</u>
	<u>\$730,847</u>	<u>\$327,183</u>	<u>\$(5,633)</u>	<u>\$1,052,397</u>

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

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

NOTE 4 - Capital Assets, Net:, Continued:

These additions and improvements are not included in the capital assets since the **Judicial Expense Fund** does not own the building. Such building additions and improvements funded from operations of the **Judicial Expense Fund** over its term of occupancy amount to \$3,074,630 and \$3,013,232 through December 31, 2005 and 2004, respectively. Building additions and improvements made for the years ended December 31, 2005 and 2004 amounted to \$61,398 and \$123,508, respectively, and are included in the accompanying financial statements of the **Judicial Expense Fund**.

NOTE 5 - Commitments:

Pursuant to LSA-R.S. 11:1371 the **Judicial Expense Fund** is required to make monthly payments to the widow of a former Civil Court judge who served from 1949 until his death in 1970 and was not a member of the judges' retirement system. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$7,200 for 2005 and 2004, respectively, and are reflected as an expense in the accompanying financial statements of the **Judicial Expense Fund**.

NOTE 6 - Registry of Court Funds:

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

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

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

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

NOTE 6 - Registry of Court Funds, Continued:

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

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

With respect to the Registry of Court funds of the Civil District Court, LSA-R.S. 13:1305 authorizes the investment of these funds into interest-bearing accounts. The statute also provides that one-half of the interest earned shall be credited to the litigants' deposits and one-half shall be remitted to the **Judicial Expense Fund** as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to the **Judicial Expense Fund** at December 31, 2005, and 2004, amounted to \$ 408,523 and \$167,077, respectively, and are included in the accompanying financial statements.

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

NOTE 7 - Designated Funds:

The Judges *En Banc* in 2002 directed the dedication of approximately \$5,600,000 from the unrestricted net assets for various special projects. At December 31, 2005 and 2004 the remaining balances, including any adjustments by project, are as follows:

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	
		<u>2005</u>	<u>2004</u>
WANG System Conversion	The Court is converting the old WANG system by replacing all hardware, software, and cables.	\$1,600,000	\$1,600,000
Optical Imaging System	The Clerk of Civil District Court is converting all paper documents into optical images that can be processed and accessed via computer. This process will enable faster research and retrieval of all documents filed in the Clerk's office.	310,000	310,000
Upgrade Telephone System	Upgrade telephone system throughout the Civil Court Building	75,000	75,000

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

NOTE 7 - Designated Funds, Continued:

<u>PROJECT</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	
		<u>2005</u>	<u>2004</u>
New Courthouse Acquisition Fund	The Judicial Expense Fund plans to purchase/build a new courthouse building since the 421 Loyola Avenue building is unable to provide the Judicial Expense Fund with the space needed to expand.	<u>4,732,323</u>	<u>5,333,258</u>
	Total designated	<u>\$6,717,323</u>	<u>\$7,318,258</u>

It is the intent of **the Judicial Expense Fund** to appropriate additional funds in the future.

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

NOTE 8 - Operating Leases:

The **Judicial Expense Fund** is committed under various leases for office equipment and storage which expire in varying periods through 2008. The leases are considered for accounting purposes to be operating leases. Lease expenses for the years ended December 31, 2005 and 2004 were \$366,120 and \$318,528, respectively.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2006	\$ 324,981
2007	314,787
2008	253,906
2009	237,337
2010	<u>105,330</u>
Total	<u>\$1,236,341</u>

NOTE 9 - Risk Management:

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

For each of the years ended December 31, 2005 and 2004, no insurance settlements exceeded the amount of insurance coverage.

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

NOTE 10 - Concentration of Credit Risk:

The **Judicial Expense Fund's** principal source of revenues consist mainly of filing fees. If the amount of fees received falls below budgeted levels, the **Judicial Expense Fund's** operating results could be adversely affected.

NOTE 11 - Postemployment Retirement Benefits:

Plan Description

Employees of the **Judicial Expense Fund** may voluntarily participate in the state of Louisiana's health insurance plan as provided by LSA-R.S. 17:1223 which is administered by the Office of Group Benefits. Those employees of the **Judicial Expense Fund** who are plan members become eligible for postemployment medical and life insurance benefits if they reach normal retirement age while working for the **Judicial Expense Fund**; currently the **Judicial Expense Fund** provides postemployment benefits for sixty-six (66) retired employees. This postemployment benefits plan, an agent multiple-employer defined benefit plan, provides employees with a choice of participating in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), managed care option (MCO), or health maintenance organization (HMO). LSA-R.S. 42:801 - 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits
State of Louisiana
P. O. Box 44036
Baton Rouge, Louisiana 70804
Phone: (800) 215-1093
Website: www.groupbenefits.org

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Funding Policy

Currently, there are no requirements for employers to contribute to their postemployment benefits plans. In 2004, the **Judicial Expense Fund** recognized the cost of providing these benefits (the **Judicial Expense Fund's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (GASB Statement 45), prospectively in 2004 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2005 and 2004 the **Judicial Expense Fund's** portion of health care, dental and life insurance benefit premiums for both active and retired employees totaled \$1,187,753 and \$1,037,278, respectively. The Judges *En Banc* of the **Judicial Expense Fund** have begun the process of establishing a trust whose assets are dedicated to providing postemployment benefits to retired employees and their beneficiaries and which are legally protected from creditors. It is the intent of the Judges *En Banc*, once the trust is established, to contribute its portion of postemployment benefits to the trust on a monthly basis.

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, in 2005 and 2004 the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$698 for a single retiree in the MCO plan to \$1,322 for a family in the EPO plan. Employees do not contribute to their postemployment benefits costs until they become retirees and begin receiving those benefits.

The Judicial Expense Fund's annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. **The Judicial Expense Fund's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of ten (10) years for life insurance and thirty (30) years for health insurance. The total annual required contribution for 2005 and 2004 is \$855,035, none of which was funded in 2005 and 2004 because the trust had not been established.

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Annual Postemployment Benefits Cost and Net
Postemployment Benefits Liability

The table below shows the **Judicial Expense Fund's** annual postemployment benefits for 2005 and changes in the Unfunded Postemployment Benefits liability:

	<u>2005</u>	<u>2004</u>
Normal cost	\$256,698	\$256,698
30-year actuarial accrued liability amortization of medical insurance	590,717	590,717
10-year actuarial accrued liability amortization of life insurance	<u>7,620</u>	<u>7,620</u>
Annual required contribution	855,035	855,035
Interest on Unfunded Postemployment Benefits liability	-0-	-0-
Adjustments to the annual required contribution	<u>-0-</u>	<u>-0-</u>
Annual Postemployment Benefits expense	855,035	855,035
Contributions made	-0-	-0-
Increase in Unfunded Postemployment Benefits liability	855,035	855,035
Unfunded Postemployment Benefits Liability-January 1, 2005	<u>855,035</u>	<u>-0-</u>
Unfunded Postemployment Benefits Liability-December 31, 2005	<u>\$1,710,070</u>	<u>\$855,035</u>

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Annual Postemployment Benefits Cost and Net
Postemployment Benefits Liability, Continued

The following table shows the **Judicial Expense Fund's** annual postemployment benefits cost, percentage of that cost contributed, and the net Unfunded Postemployment Benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Postemployment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Postemployment Benefits Liability</u>
12/31/04	<u>\$855,035</u>	<u>0.0%</u>	\$855,035
12/31/05	<u>\$855,035</u>	<u>0.0%</u>	<u>855,035</u>
		Total	<u>\$1,710,070</u>

Funded Status and Funding Progress

In 2005 and 2004 the **Judicial Expense Fund** made no contributions to a postemployment benefits plan trust since such a trust had not been established. The plan was not funded at all, has no assets, and hence has a funded ratio of zero. As of December 31, 2004, the first and most recent actuarial valuation, the actuarial accrued liability was \$7,385,454, which is defined as that portion, as determined by a particular actuarial cost method (the **Judicial Expense Fund** uses the Unit Credit Cost method), of the actuarial present value of postemployment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of postemployment benefits for active employees from their hire date through December 31, 2004, and for *retired* employees from their hire date through their date of retirement). Since the plan was not funded in 2005 and 2004, the entire actuarial accrued liability of \$7,385,454 was unfunded. The annual payroll of active employees covered by the plan, called the covered payroll, was \$4,336,048 in 2005 and \$6,715,245 in 2004; the ratio of the unfunded actuarial accrued liability to the covered payroll was 170% and 110%, respectively. (Salaries are not used to determine either medical or life postemployment benefits).

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

NOTE 11 - Post Employment Retirement Benefits, Continued:

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the **Judicial Expense Fund** and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the **Judicial Expense Fund** and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the **Judicial Expense Fund** and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Actuarial Methods and Assumptions, Continued

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid; the Office of Group Benefits' "Official Schedule of Rates" effective July 1, 2004 has been used for this purpose. It has been assumed that enrollees will retain the same coverage levels after retirement as before.

Actuarial Cost Method

The annual required contributions is determined using the Unit Credit Cost method, a method under which the benefits of each individual in an actuarial valuation are allocated by a consistent formula to valuation years, and actuarial gains or losses reduce or increase the unfunded actuarial accrued liability as they occur. The employer portion of the premiums for retiree medical care in each future year is determined by projecting the current premium levels using the health care cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover rates.

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to postemployment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Turnover Rate

The following service related turnover scale is used;

<u>Years of Service</u>	<u>Percent Turnover</u>
0-5	30.0%
5-6	16.0%
7-8	13.0%
8-9	10.0%
9-10	07.0%
10 and over	04.0%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is three years later than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

- 30 years of service credit at any age; or
- 25 years of service credit at age 55; or
- 10 years of service credit at age 60.

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services as published in *National Health Care Expenditures Projections: 2004 to 2013*, Table 3: National Health Expenditures Aggregate and Per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2005 by the Health Care Financing Administration. "State and Local" rates for 2006 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later, as set forth below:

<u>Calendar Year</u>	<u>Increase from Previous Year</u>
2006	8.0%
2007	8.2%
2008	8.1%
2009	8.0%
2010	7.9%
2011	7.8%
2012	7.7%
2013	7.6%
2014	6.7%
2015	6.0%
2016 and later	5.0%

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

NOTE 11 - Postemployment Retirement Benefits, Continued:

Mortality Rate

The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the Internal Revenue Service requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Investment Return Assumption (Discount Rate) and Inflation Rate

GASB Statement Number 45 states that the investment return assumption should be the estimated long-term investment yield on investments that are expected to be used to finance the payment of benefits. Since it is anticipated that the annual required contribution will be funded, a 7% annual investment return is assumed in the actuarial valuation. This is a conservative estimate of the expected long-term return of a balanced and conservative investment portfolio. An explicit rate of inflation is not included in either the investment return or the healthcare cost trend, but, rather, is implicitly included and is presumed to be the same for each.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and 10 years for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

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

NOTE 12 - Changes in Noncurrent Liabilities:

The following is a summary of changes in noncurrent liabilities for the years ended December 31, 2005, and 2004:

	-----2005-----			-----2004-----		
	<u>Compensated Absences</u>	<u>Other Liabilities</u>	<u>Total</u>	<u>Compensated Absences</u>	<u>Other Liabilities</u>	<u>Total</u>
Beginning of year	\$43,003	\$6,187	\$49,190	\$ 50,354	\$5,363	\$ 55,717
Additions	41,082	757	41,839	43,003	824	43,827
Retirement	<u>(43,003)</u>	<u>-0-</u>	<u>(43,003)</u>	<u>(50,354)</u>	<u>-0-</u>	<u>(50,354)</u>
End of year	<u>\$41,082</u>	<u>\$6,944</u>	<u>\$48,026</u>	<u>\$ 43,003</u>	<u>\$6,187</u>	<u>\$ 49,190</u>

Of the total noncurrent liabilities of \$48,026 and \$49,190 at December 31, 2005 and 2004, \$-0- are due within one year of December 31, 2005 and 2004.

NOTE 13 - Contingencies:

The Judicial Expense Fund is named in various suits. It is counsel's opinion at December 31, 2005 and January 8, 2007, of outcomes favorable to the **Judicial Expense Fund**.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
REVENUES						
Filing fees	\$6,849,947	\$ 1,616,829	\$ 168,085	\$2,970,032	\$1,236,144	\$12,841,037
Remote access fees	44,932	10,622	1,096	19,473	8,177	84,300
Interest income	552,169	33,430	3,449	61,289	25,736	676,073
Grants	130,663	14,653	-	21,540	21,540	188,396
Other income	<u>249,198</u>	<u>17,992</u>	<u>18,389</u>	<u>271,686</u>	<u>250,176</u>	<u>807,441</u>
Total revenues	<u>7,826,909</u>	<u>1,693,526</u>	<u>191,019</u>	<u>3,344,020</u>	<u>1,541,773</u>	<u>14,597,247</u>
DIRECT EXPENSES						
Salaries	5,418,621	1,546,757	303,969	1,146,245	973,046	9,388,638
Employee benefits	2,373,280	603,743	154,279	534,071	499,481	4,164,854
Court reporters and interpreters	22,848	860	-	-	-	23,708
Juror meals and transportation	48,938	-	-	-	-	48,938
UCC filing fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>40,119</u>	<u>-0-</u>	<u>40,119</u>
Total direct expenses	<u>7,863,587</u>	<u>2,151,360</u>	<u>458,248</u>	<u>1,720,435</u>	<u>1,472,527</u>	<u>13,666,257</u>

See Independent Auditors' Report on Supplementary Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2005

INDIRECT EXPENSES

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
Books, printing and copying	\$ 206,770	\$ 37,452	\$ 5,304	\$ 25,038	\$ 16,638	\$ 291,202
Building and personnel security	59,916	14,189	13,932	25,812	10,839	124,688
Communication	119,183	28,759	6,203	24,571	14,329	193,045
Depreciation	205,332	56,195	5,745	76,165	33,138	376,575
Facilities	250,353	35,773	2,604	36,211	10,717	335,658
Furniture, equipment and maintenance	130,010	21,579	2,446	39,008	23,909	216,952
Insurance	66,085	15,264	2,465	20,507	8,652	112,973
Office supplies and expenses	103,539	21,928	3,227	27,666	11,480	167,840
Postage and couriers	49,926	11,084	2,364	7,622	3,017	71,013
Professional education and dues	85,938	23,466	6,065	8,608	7,955	132,032
Professional services	77,288	19,251	4,983	25,084	22,800	149,406
Other expenses	<u>290,249</u>	<u>33,047</u>	<u>7,693</u>	<u>279,016</u>	<u>262,030</u>	<u>872,035</u>
Total indirect expenses	<u>1,641,589</u>	<u>317,987</u>	<u>63,301</u>	<u>595,308</u>	<u>425,504</u>	<u>3,043,419</u>
Total expenses	<u>9,505,276</u>	<u>2,469,347</u>	<u>521,279</u>	<u>2,315,743</u>	<u>1,898,031</u>	<u>16,709,676</u>
Excess revenues over (under) expenses	<u>\$ (1,678,367)</u>	<u>\$ (775,821)</u>	<u>\$ (330,260)</u>	<u>\$ 1,028,277</u>	<u>\$ (356,258)</u>	<u>\$ (2,112,429)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
REVENUES						
Filing fees	\$ 9,604,853	\$ 2,171,965	\$ 192,121	\$4,095,770	\$1,651,802	\$17,716,511
Remote access fees	39,187	8,893	795	16,701	6,724	72,300
Interest income	224,078	12,936	1,157	24,293	9,780	272,244
Other income	<u>42,828</u>	<u>993</u>	<u>19</u>	<u>1,078</u>	<u>369</u>	<u>45,287</u>
Total revenues	<u>9,910,946</u>	<u>2,194,787</u>	<u>194,092</u>	<u>4,137,842</u>	<u>1,668,675</u>	<u>18,106,342</u>
DIRECT EXPENSES						
Salaries	6,310,995	1,681,325	321,292	1,206,806	1,017,866	10,538,284
Employee benefits	2,045,135	492,595	148,717	446,319	428,777	3,561,543
Court reporters and interpreters	32,050	2,888	120	-0-	-0-	35,058
Juror meals and transportation	96,946	-0-	-0-	-0-	-0-	96,946
UCC filing fees	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>54,801</u>	<u>-0-</u>	<u>54,801</u>
Total direct expenses	<u>8,485,126</u>	<u>2,176,808</u>	<u>470,129</u>	<u>1,707,926</u>	<u>1,446,643</u>	<u>14,286,632</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS, STATE OF LOUISIANA
SCHEDULE OF REVENUES AND EXPENSES, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Civil District Court</u>	<u>First City Court</u>	<u>Second City Court</u>	<u>Recorder of Mortgages</u>	<u>Register of Conveyances</u>	<u>Total</u>
INDIRECT EXPENSES						
Books, printing and copying	\$ 273,835	\$ 43,754	\$ 17,494	\$ 36,688	\$ 19,596	\$ 391,367
Building and personnel security	55,416	12,651	10,485	23,619	9,509	111,680
Communication	159,866	22,492	10,190	21,412	10,488	224,448
Depreciation	183,409	46,753	4,706	64,902	27,413	327,183
Facilities	325,094	49,409	3,554	53,935	17,928	449,920
Furniture, equipment and maintenance	131,471	22,334	3,230	45,038	19,520	221,593
Insurance	62,054	13,401	2,148	17,693	7,167	102,463
Office supplies and expenses	125,848	27,907	5,966	32,929	9,978	202,628
Postage and couriers	44,645	13,767	3,279	11,305	3,849	76,845
Professional education and dues	116,672	29,939	11,679	12,605	7,675	178,570
Professional services	90,807	18,636	5,290	40,717	10,353	165,803
Other expenses	<u>6,264</u>	<u>2,799</u>	<u>447</u>	<u>6,144</u>	<u>2,988</u>	<u>18,642</u>
Total indirect expenses	<u>1,575,381</u>	<u>303,842</u>	<u>78,468</u>	<u>366,987</u>	<u>146,464</u>	<u>2,471,142</u>
Total expenses	<u>10,060,507</u>	<u>2,480,650</u>	<u>548,597</u>	<u>2,074,913</u>	<u>1,593,107</u>	<u>16,757,774</u>
Excess revenues over (under) expenses	<u>\$ (149,561)</u>	<u>\$ (285,863)</u>	<u>\$ (354,505)</u>	<u>\$ 2,062,929</u>	<u>\$ 75,568</u>	<u>\$ 1,348,568</u>

See Independent Auditors' Report on Supplementary Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004
(UNAUDITED)

-----2005-----

REVENUES

	-----BUDGETED-----		<u>ACTUAL</u>	VARIANCES
	<u>ORIGINAL</u>	<u>FINAL</u>		(FAVORABLE) <u>UNFAVORABLE</u>
Filing fees	\$17,325,000	\$17,325,000	\$12,841,037	\$ (4,483,963)
Remote access fees	60,000	60,000	84,300	24,300
Interest revenue	225,000	225,000	676,073	451,073
Grants	-0-	-0-	188,396	188,396
Other revenue	<u>496,369</u>	<u>496,369</u>	<u>807,441</u>	<u>311,072</u>
 Total revenues	 <u>18,106,369</u>	 <u>18,106,369</u>	 <u>14,597,247</u>	 <u>(3,509,122)</u>

DIRECT EXPENDITURES

Salaries	11,393,260	11,393,260	9,389,802	(2,003,458)
Employee benefits	3,512,890	3,512,890	3,327,093	(185,797)
Court reporters and interpreters	32,000	32,000	23,708	(8,292)
Juror meals and transportation	83,500	83,500	48,938	(34,562)
UCC filing fees	<u>65,000</u>	<u>65,000</u>	<u>40,119</u>	<u>(24,881)</u>
 Total direct expenditures	 <u>15,086,650</u>	 <u>15,086,650</u>	 <u>12,829,660</u>	 <u>(2,256,990)</u>

See Independent Auditors' Report on Supplementary Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004
(UNAUDITED)

-----2005-----

INDIRECT EXPENDITURES

	-----BUDGETED-----		ACTUAL	VARIANCES
	ORIGINAL	FINAL		(FAVORABLE) UNFAVORABLE
Books, printing and copying	\$ 514,257	\$ 514,257	\$ 291,202	\$ (223,055)
Building and personnel security	190,560	190,560	124,688	(65,872)
Communication	259,890	259,890	193,045	(66,845)
Facilities	693,400	693,400	335,658	(357,742)
Furniture, equipment and maintenance	298,026	298,026	216,952	(81,074)
Insurance	105,466	105,466	112,973	7,507
Office supplies and expenditures	255,100	255,100	167,840	(87,260)
Postage and couriers	99,200	99,200	71,013	(28,187)
Professional education and dues	256,900	256,900	132,032	(124,868)
Professional services	219,250	219,250	149,406	(69,844)
Capital expenditures	1,985,000	1,985,000	556,713	(1,428,287)
Other expenditures	<u>21,220</u>	<u>21,220</u>	<u>872,035</u>	<u>850,815</u>
Total indirect expenditures	<u>4,898,269</u>	<u>4,898,269</u>	<u>3,223,557</u>	<u>(1,674,712)</u>
Total expenditures	<u>19,984,919</u>	<u>19,984,919</u>	<u>16,053,217</u>	<u>(3,931,702)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (1,878,550)</u>	<u>\$ (1,878,550)</u>	(1,455,970)	<u>\$(422,580)</u>
Fund balance, beginning of year	<u>8,433,675</u>	<u>8,433,675</u>	<u>8,271,968</u>	
Fund balance, end of year	<u>\$ 6,555,125</u>	<u>\$ 6,555,125</u>	<u>\$ 6,815,998</u>	

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004
(UNAUDITED)**

-----2004-----

REVENUES

	-----BUDGETED-----		<u>ACTUAL</u>	VARIANCES
	<u>ORIGINAL</u>	<u>FINAL</u>		(FAVORABLE) <u>UNFAVORABLE</u>
Filing fees	\$17,500,000	\$17,500,000	\$17,716,511	\$ (216,511)
Remote access fees	68,000	68,000	72,300	(4,300)
Interest revenue	200,000	200,000	272,244	(72,244)
Other revenue	<u>44,837</u>	<u>44,837</u>	<u>45,287</u>	<u>(450)</u>
Total revenues	<u>17,812,837</u>	<u>17,812,837</u>	<u>18,106,342</u>	<u>(293,505)</u>

DIRECT EXPENDITURES

Salaries	11,256,676	11,256,676	10,544,810	(711,866)
Employee benefits	2,920,808	3,720,808	3,561,543	(159,265)
Court reporters and interpreters	27,000	27,000	35,058	8,058
Juror meals and transportation	94,000	94,000	96,946	2,946
UCC filing fees	<u>65,000</u>	<u>65,000</u>	<u>54,801</u>	<u>(10,199)</u>
Total direct expenditures	<u>14,363,484</u>	<u>15,163,484</u>	<u>14,293,158</u>	<u>(870,326)</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS), CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004
(UNAUDITED)**

-----2004-----

INDIRECT EXPENDITURES

	-----BUDGETED-----		<u>ACTUAL</u>	VARIANCES
	<u>ORIGINAL</u>	<u>FINAL</u>		(FAVORABLE) <u>UNFAVORABLE</u>
Books, printing and copying	\$ 459,873	\$ 459,873	\$ 391,367	\$ (68,506)
Building and personnel security	121,960	121,960	111,680	(10,280)
Capital expenditures	396,600	396,600	241,205	(155,395)
Communication	237,787	237,787	224,448	(13,339)
Facilities	454,148	454,148	449,920	(4,228)
Furniture, equipment and maintenance	235,994	235,994	227,226	(8,768)
Insurance	105,003	105,003	102,463	(2,540)
Office supplies and expenditures	238,500	238,500	202,628	(35,872)
Postage and couriers	91,401	91,401	76,846	(14,555)
Professional education and dues	231,530	231,530	178,570	(52,960)
Professional services	187,340	187,340	165,803	(21,537)
Other expenditures	<u>23,668</u>	<u>23,668</u>	<u>18,642</u>	<u>(5,026)</u>
Total indirect expenditures	<u>2,783,804</u>	<u>2,783,804</u>	<u>2,390,798</u>	<u>(393,006)</u>
Total expenditures	<u>17,147,288</u>	<u>17,947,288</u>	<u>16,683,956</u>	<u>(1,263,332)</u>
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	665,549	(134,451)	1,422,386	(1,556,837)
Other financing sources (uses)	<u>-0-</u>	<u>(800,000)</u>	<u>-0-</u>	<u>(800,000)</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>\$ 665,549</u>	<u>\$ (934,451)</u>	1,422,386	<u>\$(2,356,837)</u>
Fund balance, beginning of year			<u>5,994,547</u>	
Fund balance, end of year			<u>\$ 7,416,933</u>	

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SCHEDULE OF BUDGETARY TO GAAP RECONCILIATION
FOR THE YEAR ENDED DECEMBER 31, 2005 and 2004
(UNAUDITED)**

The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgeted and Actual presents comparison of the **Judicial Expense Fund's** legally adopted original budget and final (non-GAAP basis) with actual data on a budgetary basis. The accounting principles applied by the **Judicial Expense Fund** for the purposes of developing data for its budget differs from those used to present the basic financial statements (GAAP Basis)

A reconciliation of the previously described basis follows:

	<u>2005</u>	<u>2004</u>
Excess of revenues and other financing sources (uses) over expenditures (budgetary basis)	\$(1,455,970)	\$1,422,386
Adjustments:		
Capital additions	556,712	241,205
Depreciation expense	(376,575)	(327,183)
Compensated absences	1,165	6,527
Retirement of capital assets	-0-	5,633
Postemployment benefits	<u>(837,761)</u>	<u>-0-</u>
Change in net assets	\$ <u>(2,112,429)</u>	<u>\$1,348,568</u>

See Independent Auditors' Report on Supplementary Information.

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NOTES TO BUDGETARY DATA INFORMATION**

Preparation of the budget begins in the Fiscal Administration office of the Judicial Administrator. The Chief Accountant compiles actual historical financial information for the completed year(s) for each of the eleven departments comprising the **Judicial Expense Fund**. The Chief Judge writes a letter to the five parochial officials presenting this compiled information and asking for their input for an upcoming budget within four weeks.

The Chief Accountant and Judicial Administrator then prepare budgets for the remaining eight departments, as well as the budget for the **Judicial Expense Fund** as a whole.

In accordance with the **Judicial Expense Fund** and Performance Accountability Act of 1999, each year the Judges *En Banc* submit their strategic plan to improve performance to the Louisiana Supreme Court. The **Judicial Expense Fund** has actively participated in the Strategic Plan of the Trial Courts since 2000, and aspects of this plan are incorporated into the budget.

Upon completion, the entity-wide budget is presented to the Finance Committee of the Judges *En Banc*, for their review. Once the Finance Committee approves both an operating budget and capital expenditure budget they present their recommendation to the Judges *En Banc*. According to section LSA-R.S.39:1309 the budget is adopted at an open meeting during which the public is invited to comment.

The Fiscal Administration office monitors revenues and controls expenditures according to section 1311. If it becomes necessary to amend the budget, the Chief Accountant and the Judicial Administrator will prepare an amended budget and present it to the Finance Committee for approval. The Finance Committee will recommend an amended budget to the Judges *En Banc*, who will formally adopt the amended budget at an open meeting according to section LSA-R.S.39:1310.

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

Net Assets
Last Five Fiscal Years

Year	Invested in Capital Assets	Unrestricted	Restricted	Total Net Assets
2001	\$ 400,452	\$ 6,500,663	0	\$ 6,901,115
2002	1,019,431	5,975,843	0	6,995,274
2003	970,548	5,938,830	0	6,909,378
2004	890,203	7,367,743	0	8,257,946
2005	1,087,616	5,057,901	0	6,145,517

Full accrual basis of accounting

Invested in Capital Assets are net of related debt

GASB 34 was implemented in 2001

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT
FOR THE PARISH OF ORLEANS
Change in Net Assets
Last Five Fiscal Years

	2001	2002	2003	2004	2005
Expenses					
Civil District Court	\$ 8,959,880	\$ 9,696,449	\$ 10,148,615	\$ 10,060,507	\$ 9,506,275
First City Court	2,344,138	2,457,749	2,402,188	2,480,650	2,469,347
Second City Court	487,352	479,180	522,841	548,597	521,280
Recorder of Mortgages	1,760,655	1,908,478	2,016,521	2,074,913	2,315,742
Register of Conveyances	1,379,061	1,346,911	1,395,715	1,593,107	1,898,031
Total expenses	14,911,186	15,888,767	16,485,880	16,757,774	16,709,675
Program Revenues: Charges for Services					
Civil District Court	8,163,918	8,386,991	8,353,628	9,644,040	6,894,879
First City Court	2,215,496	2,151,180	2,053,891	2,180,858	1,627,451
Second City Court	210,591	182,978	200,144	192,916	169,181
Recorder of Mortgages	3,190,362	3,482,960	4,098,939	4,112,471	2,989,505
Register of Conveyances	1,213,193	1,293,788	1,462,205	1,658,526	1,244,321
	14,993,560	15,507,875	16,168,807	17,788,811	12,925,337
Program Revenues: Operating Grants					
Civil District Court	0	0	30,050	39,557	130,663
First City Court	0	0	0	0	14,852
Recorder of Mortgages	0	0	0	0	21,540
Register of Conveyances	0	0	0	0	21,540
	0	0	30,050	39,557	188,366
Net Revenues (Expenses)					
Civil District Court	(796,062)	(1,309,458)	(1,764,937)	(376,910)	(2,479,733)
First City Court	(128,642)	(308,589)	(348,297)	(299,792)	(827,244)
Second City Court	(256,761)	(286,204)	(322,697)	(355,681)	(352,099)
Recorder of Mortgages	1,429,707	1,574,482	2,082,418	2,037,558	695,303
Register of Conveyances	(165,868)	(53,123)	66,490	65,419	(632,170)
Total net revenues (expenses)	82,374	(380,892)	(287,023)	1,070,594	(3,595,943)
General Revenues					
Interest	475,638	266,016	194,713	272,244	676,073
Other	8,386	12,860	6,414	5,730	807,441
Total general revenues	484,024	288,876	201,127	277,974	1,483,514
Change in net assets	\$ 566,398	\$ (112,016)	\$ (85,896)	\$ 1,348,568	\$ (2,112,429)

Full accrual basis of accounting
GASB 34 was implemented in 2001

See Independent Auditors' Report on Statistical Information.

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

Governmental Fund Balance
Last Ten Fiscal Years

<u>Year</u>	<u>Reserved Fund Balance</u>	<u>Unreserved Fund Balance</u>
1996 \$	0 \$	1,059,504
1997	0	695,601
1998	0	3,144,802
1999	0	4,701,121
2000	0	6,273,727
2001	0	6,747,012
2002	0	6,032,363
2003	0	5,994,547
2004	0	8,271,968
2005	0	6,815,998

Modified accrual basis of accounting

See Independent Auditors' Report on Statistical Information.

JUDICIAL EXPENSE FUND
 FOR THE
 CIVIL DISTRICT COURT
 FOR THE PARISH OF ORLEANS
 Changes in Governmental Fund Balance
 Last Ten Fiscal Years

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues										
Filing Fees	\$ 11,029,733	\$ 11,840,498	\$ 14,283,360	\$ 14,334,911	\$ 14,722,820	\$ 14,984,684	\$ 15,455,440	\$ 16,120,392	\$ 17,718,511	\$ 12,841,037
Interest	436,611	400,390	366,247	446,186	686,569	475,638	256,016	194,713	272,244	676,073
Grants	0	0	0	0	0	0	0	0	0	188,386
Other	100	72,084	86,442	285,046	381,103	37,262	65,295	84,889	117,587	891,741
Total revenues	<u>11,466,444</u>	<u>12,312,960</u>	<u>14,739,049</u>	<u>15,066,123</u>	<u>15,772,492</u>	<u>15,477,584</u>	<u>15,776,751</u>	<u>16,399,984</u>	<u>18,106,342</u>	<u>14,597,247</u>
Expenditures										
Civil District Court	6,838,944	7,521,407	7,114,792	8,175,500	8,643,838	9,219,855	10,012,193	10,108,089	10,018,800	9,505,278
First City Court	1,667,321	1,837,490	1,854,586	2,025,964	2,239,066	2,248,376	2,567,342	2,389,308	2,462,551	2,469,347
Second City Court	380,589	377,733	377,282	432,152	411,090	441,541	490,878	520,046	550,151	521,279
Recorder of Mortgages	1,629,863	1,791,188	1,792,702	1,616,353	1,621,870	1,738,581	2,024,759	2,021,730	2,084,648	2,315,743
Register of Conveyances	1,136,086	1,149,047	1,149,486	1,259,835	1,294,002	1,355,946	1,396,228	1,398,628	1,588,006	1,898,031
Total expenditures	<u>11,652,813</u>	<u>12,676,863</u>	<u>12,286,848</u>	<u>13,509,804</u>	<u>14,199,886</u>	<u>15,004,290</u>	<u>16,491,400</u>	<u>16,437,800</u>	<u>16,663,956</u>	<u>16,709,676</u>
Increase (decrease) in fund balance	\$ <u>(186,369)</u>	\$ <u>(363,903)</u>	\$ <u>2,449,201</u>	\$ <u>1,556,319</u>	\$ <u>1,572,606</u>	\$ <u>473,285</u>	\$ <u>(714,649)</u>	\$ <u>(37,816)</u>	\$ <u>1,422,386</u>	\$ <u>(2,112,429)</u>

Modified accrual basis of accounting

1999 Other Income Includes \$109,123 in accounting adjustments
 2000 Other Income Includes \$275,618 in accounting adjustments

See Independent Auditors' Report on Statistical Information.

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

Revenue Rates and Base
Last Ten Fiscal Years
(Unaudited)

Function	Year	New Suits Filed	Filing Fees Revenue	Average Revenue Per New Suit	Average Cost per New Suit
Civil District Court	1996	\$ 21,938	\$ 5,686,532	\$ 259	\$ 312
	1997	23,062	6,372,860	276	326
	1998	22,438	7,821,976	349	317
	1999	21,341	7,348,701	344	383
	2000	20,365	8,050,486	395	424
	2001	21,587	8,148,254	377	427
	2002	20,257	8,358,140	413	494
	2003	19,149	8,328,592	435	528
	2004	18,763	9,605,853	512	534
	2005	13,821	6,849,947	497	688
First City Court	1995	20,682	1,757,203	85	80
	1996	22,199	1,871,712	84	75
	1997	20,028	2,009,388	100	92
	1998	19,788	2,239,458	113	94
	1999	19,825	2,318,512	118	103
	2000	19,573	2,228,845	114	114
	2001	19,752	2,210,689	112	114
	2002	18,804	2,143,334	114	137
	2003	16,725	2,047,741	122	143
	2004	15,236	2,171,965	143	162
2005	12,397	1,616,829	130	199	
Second City Court	1995	2,143	134,979	63	166
	1996	2,139	141,548	66	178
	1997	1,892	142,025	75	200
	1998	2,056	173,166	84	184
	1999	2,095	188,247	90	206
	2000	2,511	199,745	80	164
	2001	2,671	210,237	79	165
	2002	2,372	192,777	81	207
	2003	2,078	199,583	96	250
	2004	1,774	192,121	108	310
2005	1,778	168,085	95	293	

Filing fees are paid by litigants to the suits.

See Independent Auditors' Report on Statistical Information.

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

Revenue Rates and Base
Last Ten Fiscal Years
(Unaudited)

Function	Year	New Instruments Recorded	Filing Fees Revenue	Average Revenue per Instrument Recorded	Average Cost per Instrument Recorded
Recorder of Mortgages	1996	66,912	\$ 2,275,493	\$ 34	24
	1997	61,614	2,268,448	37	29
	1998	61,083	2,863,860	47	29
	1999	58,037	3,183,661	55	28
	2000	55,286	2,987,080	54	29
	2001	55,508	3,184,732	57	31
	2002	62,277	3,471,687	56	33
	2003	59,611	4,086,639	69	34
	2004	52,567	4,095,770	78	39
	2005	39,648	2,970,032	75	58
Register of Conveyances	1996	17,720	1,054,448	60	64
	1997	18,741	1,047,775	56	61
	1998	19,742	1,184,900	60	58
	1999	20,062	1,295,790	65	63
	2000	19,476	1,276,664	66	66
	2001	19,097	1,210,772	63	71
	2002	21,553	1,289,502	60	65
	2003	23,086	1,457,847	63	61
	2004	39,382	1,651,802	42	40
	2005	18,234	1,236,144	68	104

See Independent Auditors' Report on Statistical Information.

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

Demographic and Economic Indicators
Orleans Parish
Last Ten Years
(Unaudited)

Year	Population	Total Personal Income	Per Capital Personal Income	Unemployment Rate
1996	490,610	\$ 11,231,433	\$ 22,893	7.9%
1997	488,061	11,550,032	23,665	6.7%
1998	485,801	12,125,252	24,959	6.1%
1999	485,511	12,140,253	25,005	5.1%
2000	483,667	12,689,000	26,235	5.4%
2001	478,427	13,313,564	27,828	5.8%
2002	473,089	13,766,830	29,100	6.2%
2003	Not available	Not available	Not available	6.5%
2004	Not available	Not available	Not available	5.1%
2005	Not available	Not available	Not available	

Source for unemployment rates: Louisiana Department of Labor

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

See Independent Auditors' Report on Statistical Information.

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

Principal Employers in Orleans Parish
Current Year and Ten Years Ago
(Unaudited)

Year	Total Employment	Principal Employers (Largest to Smallest)	Number of Employees
1995	188,900	Orleans Parish School Board City of New Orleans Tulane University The Medical Center of Louisiana LSU Medical Center New Orleans (self support) United States Postal Service Martin-Marietta Corporation Mercy+Baptist Medical Center LSU Medical Center New Orleans (general support) Tulane Medical Center Hospital Clinic	1,000 or more 1,000 or more
2005	Not available		

Source: Louisiana Department of Labor

See Independent Auditors' Report on Statistical Information.

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

Number of Employees
 Last Ten Years
 (Unaudited)

Year	Civil District Court	First City Court	Second City Court	Recorder of Mortgages	Register of Conveyances	Administration	Total
1995	190	47	11	78	41	17	384
1996	223	50	8	74	43	17	415
1997	221	45	8	74	41	17	406
1998	219	49	7	61	47	28	411
1999	209	59	12	61	48	28	417
2000	233	69	12	57	44	32	447
2001	266	62	14	56	44	22	464
2002	270	68	12	53	43	21	467
2003	256	64	10	53	44	19	446
2004	251	63	15	49	38	16	432
2005	67	18	4	18	14	9	130

In 1998 nine positions were reclassified from Civil District Court to Administration. In 2001 these nine positions, plus one more, were reclassified back to Civil District Court from Administration.

In 2004 Second City Court used 4 part-time employees instead of replacing the one full-time employee who had retired.

See Independent Auditors' Report on Statistical Information.

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

Civil District Court
Cases Filed and Jury Trials
Last Ten Years
(Unaudited)

<u>Year</u>	<u>Civil Cases Filed</u>	<u>Jury Trials</u>
1996	21,938	126
1997	23,062	99
1998	22,438	77
1999	21,341	64
2000	20,365	62
2001	21,587	66
2002	20,257	81
2003	19,149	56
2004	18,763	70
2005	13,821	41

See Independent Auditors' Report on Statistical Information.

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

First and Second City Courts
Cases Filed and Terminated
Last Ten Years
(Unaudited)

<u>Court</u>	<u>Year</u>	<u>Civil Cases Filed</u>	<u>Civil Cases Terminated</u>
First City Court	1996	22,199	16,595
	1997	20,028	17,566
	1998	19,788	15,227
	1999	19,625	13,994
	2000	19,573	13,509
	2001	19,752	14,246
	2002	18,804	14,181
	2003	16,725	12,652
	2004	15,236	11,403
	2005	12,397	8,392
Second Circuit Court	1996	2,139	1,193
	1997	1,892	1,083
	1998	2,056	1,224
	1999	2,095	1,360
	2000	2,511	1,305
	2001	2,671	1,444
	2002	2,372	1,203
	2003	2,078	1,882
	2004	1,774	1,576
	2005	1,778	1,556

See Independent Auditors' Report on Statistical Information.

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

Documents Recorded and Completed
Last Ten Years
(Unaudited)

<u>Function</u>	<u>Year</u>	<u>New Instrument Numbers Issued</u>	<u>Mortgage Certificates Completed</u>	<u>Releases Completed</u>
Recorder of Mortgages	1996	66,912	Not available	Not available
	1997	61,614	Not available	Not available
	1998	61,083	Not available	Not available
	1999	58,037	Not available	Not available
	2000	55,286	Not available	Not available
	2001	55,508	Not available	Not available
	2002	62,277	Not available	Not available
	2003	59,611	9,792	37,311
	2004	52,567	8,115	39,749
	2005	39,648	7,372	23,410

See Independent Auditors' Report on Statistical Information.

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

Documents Recorded and Completed
Last Ten Years
(Unaudited)

<u>Function</u>	<u>Year</u>	<u>New Instrument Numbers Issued</u>	<u>Conveyance Certificates Completed</u>
Register of Conveyances	1996	17,720	Not available
	1997	18,741	Not available
	1998	19,742	Not available
	1999	20,062	Not available
	2000	19,476	Not available
	2001	19,097	Not available
	2002	21,553	Not available
	2003	23,086	7,321
	2004	39,382	6,975
	2,005	18,234	5,222

See Independent Auditors' Report on Statistical Information.

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

Investments in Capital Assets
Last Ten Years

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Civil District Court	1996							
	1997	\$ 0	0	27,200	3,644	0	0	30,844
	1998	6,583	3,495	0	0	0	0	10,078
	1999	34,487	32,225	0	0	0	0	66,712
	2000	9,664	0	16,850	13,627	0	0	40,141
	2001	12,719	4,984	3,200	22,122	0	0	43,025
	2002	27,853	13,375	4,095	10,870	0	0	56,193
	2003	15,050	9,311	0	2,849	0	0	27,210
	2004	7,356	9,840	(10,680)	0	0	0	6,516
	2005	7,019	5,925	10,680	0	0	0	23,624
Total		120,731	79,155	51,345	53,112	0	0	304,343
# of Items		46	11	9	16	0	0	82
First City Court	1995							
	1996							
	1997	0	0	0	0	0	0	0
	1998	0	0	0	0	0	0	0
	1999	0	0	0	4,224	0	0	4,224
	2000	5,548	0	8,077	4,527	0	0	18,152
	2001	2,000	0	0	2,233	0	0	4,233
	2002	2,390	21,560	0	0	0	19,685	43,635
	2003	0	0	0	0	0	0	0
	2004	0	0	0	0	0	0	0
2005	3,437	0	0	0	0	0	3,437	
Total		13,375	21,560	8,077	10,984	0	19,685	73,681
# of Items		6	2	1	6	0	1	16

See Independent Auditors' Report on Statistical Information.

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

Investments in Capital Assets
Last Ten Years

Function	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
Second Circuit Court	1996	0	0	0	0	0	0	0
	1997	0	0	0	0	0	0	0
	1998	2,686	0	0	0	0	0	2,686
	1999	9,459	0	0	0	0	0	9,459
	2000	0	0	0	0	0	0	0
	2001	0	0	0	0	0	0	0
	2002	3,988	0	0	0	0	0	3,988
	2003	0	0	0	0	0	0	0
	2004	2,033	0	1,705	0	0	0	3,738
	2005	0	0	0	0	0	0	0
Total		18,166	0	1,705	0	0	0	19,871
# of Items		7	0	1	0	0	0	8
Recorder of Mortgages	1995				NOT AVAILABLE			
	1996				NOT AVAILABLE			
	1997	0	0	0	0	0	0	0
	1998	0	0	0	7,240	0	0	7,240
	1999	0	0	0	0	0	0	0
	2000	0	0	0	0	0	0	0
	2001	0	0	0	0	0	0	0
	2002	1,800	0	0	0	0	0	1,800
	2003	0	0	0	0	0	0	0
	2004	0	0	1,673	0	0	0	1,673
2005	7,672	0	0	(7,240)	0	0	432	
Total		9,472	0	1,673	0	0	0	11,145
# of Items		2	0	1	0	0	0	3

See Independent Auditors' Report on Statistical Information.

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

Investments in Capital Assets
Last Ten Years

Function of Register of	Year	Computer Equipment	Computer Software	Office Equipment	Furniture and Fixtures	Construction In Progress	Leasehold Improvements	Total
	1996				NOT AVAILABLE			
Conveyances	1997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	1998	1,665	0	0	0	0	0	1,665
	1999	0	0	0	2,772	0	0	2,772
	2000	0	0	1,545	0	0	0	1,545
	2001	0	0	0	0	0	0	0
	2002	0	0	0	12,685	0	0	12,685
	2003	0	0	0	0	0	0	0
	2004	0	0	0	0	0	0	0
	2005	9575	0	(1,545)	(15,457)	0	0	(7,427)
Total		11240	0	0	0	0	0	11240
# of Items		3	0	0	0	0	0	3
	1996				NOT AVAILABLE			
	1997	0	0	1,936	0	0	0	1,936
	1998	0	3,434	0	0	0	0	3,434
	1999	172,790	20,345	0	0	0	0	193,135
	2000	0	0	0	0	0	0	0
	2001	36,277	129,069	0	0	0	0	165,346
	2002	408,746	259,603	33,653	0	25,973	0	725,975
	2003	52,048	197,207	0	0	(25,973)	0	223,282
	2004	10,790	218,488	0	0	0	0	229,278
	2005	205,636	331,011	0	0	0	0	536,647
Total		884,287	1,159,157	35,589	0	0	0	2,079,033
# of Items		13	9	2	0	0	0	24
Grand Total		\$ 1,057,271	\$ 1,259,872	\$ 98,389	\$ 64,096	\$ 0	\$ 19,685	\$ 2,499,313
Total # of Items		77	22	14	22	0	1	136

See Independent Auditors' Report on Statistical Information.

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

ACKNOWLEDGMENTS

REPORT PREPARED BY

Diane B. Allison, CPA, CGFO - Chief Accountant
Andrea Johnson - Staff Accountant

CHIEF JUDGE

Nadine Ramsey - 2007-2008

JUDICIAL ADMINISTRATOR

Michelle R. Rodney - Judicial Administrator
Kenneth Burrell - Judicial Administrator
(2006 to present)

FINANCIAL REPORTING SECTION

Elaine T. Breaux - Payroll Specialist
Trina R. Lewis - Accounts Payable
Dwayne J. Mallet - Purchasing Agent
Melinda F. Owens - Administrative Assistant
Tymetrius Jones - Administrative Assistant
Elaine W. Spiess - Employee Benefits
Specialist

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

EXIT CONFERENCE

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

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

Nadine Ramsey	--	Chief Judge
Kenneth Burrell	--	Judicial Administrator
Andrea Johnson	--	Staff Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

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

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

FOR THE YEAR ENDED DECEMBER 31, 2005



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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

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

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

We have audited the financial statements of **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as the **Judicial Expense Fund**) as of and for the year ended December 31, 2005, and 2004, and have issued our report thereon dated January 8, 2007. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Judicial Expense Fund's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

Internal Control Over Financial Reporting, Continued

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting which we have reported to management of the **Judicial Expense Fund** in a separate letter dated January 8, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Judicial Expense Fund's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such opinions. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Finding and Response as item 2005-01.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2007

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**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Section I - Summary of Auditors' Results

Financial Statement

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Reportable condition(s) identified that are not considered to be material weakness(es)?	None Reported
Noncompliance material to financial statements noted:	No

Federal Awards

Internal control over financial reporting:	Not Applicable
• Material weakness(es) identified?	
• Reportable condition(s) identified that are not considered to be material weakness(es)?	
Type of auditor's report issued on compliance for major programs.	Not applicable
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Not applicable

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

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs: Not applicable

Dollar threshold used to distinguish
between type A and B programs Not applicable

Auditee qualified as low risk auditee? Not applicable

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

Section II - Financial Statement Finding and Response

Reference Number

2005-01

Criteria

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

Condition

Louisiana Revised Statute 39:1311 states that, "The chief executive officer or equivalent notify in writing the governing authority during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (LSA-RS 36:1311)."

Cause

As a result of the impact of Hurricane Katrina, to include the subsequent closure of its offices, the **Judicial Expense Fund** was not able to comply with the requirements of LSA-RS 39:1311.

However, for the year ended December 31, 2006 the necessary budget revision and budget approval for 2007 have been adopted by management of the **Judicial Expense Fund**.

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

Section II - Financial Statement Finding and Response, Continued

Reference Number, Continued
2005-01

Recommendation

None. The impact of the August 29, 2005 disaster coupled with the mandatory evacuation of the population of the entire City of New Orleans, barred the **Judicial Expense Fund's** ability to comply with the Budget Act.

Management's Response

Management has in place, the required procedures and policies to prepare, adopt and amend its budgets. The revision for 2006 and the budget for 2007 have been adopted within the timeline dictated by statute.

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

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2005.

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

Section IV - Status of Prior Year's Findings and Responses

Reference Number

2004-01

Condition

The **Judicial Expense Fund** adopted its budget for the fiscal year ended December 31, 2004 at a public meeting held on October 14, 2004 (almost 10 months after the required date). It is our understanding that management has been under a historical assumption that the Judicial Expense Fund was not required to comply with Louisiana Revised Statute 39:1301-1315, the Local Government Budget Act. After lengthy discussions with management's attorney and review of several Louisiana Attorney General opinions on this subject, management concluded it erred. The time of this review barred management from complying with the Budget Act for 2003 and 2004.

Recommendation

None. The **Judicial Expense Fund** adopted its budget for the fiscal year ending December 31, 2005 on October 14, 2004.

Current Status

Resolved.

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

Section IV - Status of Prior Year's Findings and Responses, Continued

Reference Number

2003-01

Condition

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

Recommendation

We recommend that management of the **Judicial Expense Fund** comply with the budget requirements of LSA-R.S. 1301-15 for its 2005 budget year.

Current Status

Resolved.

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

EXIT CONFERENCE

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

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

Nadine Ramsey	-- Chief Judge
Kenneth Burrell	-- Judicial Administrator
Andrea Johnson	-- Staff Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM	-- Partner
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Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

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

In planning and performing our audit of the financial statements of **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as **the Judicial Expense Fund**) as of and for the year ended December 31, 2005, we considered **the Judicial Expense Fund's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

During our audit, we became aware of matters that provide an opportunity for **the Judicial Expense Fund** to strengthen its internal control and operating efficiency. We previously reported on **the Judicial Expense Fund's** internal control in our report dated January 8, 2007. This letter does not affect our report dated January 8, 2007 on the financial statements of **the Judicial Expense Fund**.

We have already discussed these suggestions with **the Judicial Expense Fund's** personnel, and we will be pleased to discuss these suggestions in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEARS' COMMENTS TO MANAGEMENT

Condition

Our testing of the internal control over financial reporting revealed the following conditions:

- For twenty-two (22) transactions tested for the month of August 2005, we noted six (6) instances where the invoices paid did not bear evidence of staff's verification of the mathematical accuracy of the invoices. However, our test of the mathematical accuracy resulted in no exceptions.
- Also, in two (2) instances, we noted no evidence of approval for payment on paid invoices.
- Furthermore, during our subsequent events testing, several invoices requested by us were not available for our review to ascertain the propriety in recorded amounts and period.

Recommendation

We recommend management's continued oversight in key internal control areas.

Management's Response

Management will continue to provide the required oversight through its policy decisions and overall management of staff.

Condition

Currently, the **Judicial Expense Fund** does not have a formal written policy to address its custodial credit risk that results from deposits of funds held by others on its behalf in excess of \$100,000 (Federal Deposit Corporation limit) with its financial institutions.

However, the Judicial Expense Fund maintains a collateral agreement with other institutions and reviews its adequacy on a periodic basis.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

CURRENT YEARS' COMMENTS TO MANAGEMENT, CONTINUED

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation (FDIC) limit.

Management's Response

Management will have a deposit policy in place by no later than September 30, 2007.

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT
(CONTINUED)

This letter does not affect our report dated January 8, 2007 on the financial statements of the **Judicial Expense Fund**.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions or require further details, please do not hesitate to call.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

January 8, 2007