

**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, 2002 AND 2001

Under provisions of state law, this report is a public document. Copies of the report have been submitted to the clerk and other appropriate public officials. The report is available for public inspection at the liaison lounge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 7/23/09

Comprehensive Annual Financial Report



For the Years Ended
December 31, 2002 and 2001

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

Prepared by
Diane B. Allison, CPA
Chief Accountant

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY SECTION	
LETTER OF TRANSMITTAL	1
PRINCIPAL OFFICIALS	7
ORGANIZATIONAL CHART	8
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	9
MANAGEMENT'S DISCUSSION AND ANALYSIS	12
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Assets--December 31, 2002 and 2001	20
Statement of Activities For the Years Ended December 31, 2002 and 2001	21
FUND FINANCIAL STATEMENTS:	
Balance Sheet - Governmental Fund - December 31, 2002 and 2001	22
Statement of Revenues, Expenditures and Changes in Fund Balance--Governmental Fund For the Years Ended December 31, 2002 and 2001	23
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, 2002 and 2001	25
NOTES TO THE FINANCIAL STATEMENTS:	
Index	26
Notes	28

TABLE OF CONTENTS, CONTINUED

	<u>PAGE</u>
STATISTICAL SECTION	
Exhibit A - Government-Wide Revenues-Last Ten Years	51
Exhibit B - Government-Wide Expenses by Function For the Two Years Ended December 31, 2002 and 2001	52
Exhibit C - Net Assets Trends-December 31, 2002 and 2001	53
Exhibit D - Fund Level Expenditures by Function-Last Ten Years ..	54
Exhibit E - Fund Balance Trends-Last Ten Years	55
Exhibit F - New Seins Filed-Last Ten Years	56
Exhibit G - Miscellaneous Statistics	57
ACKNOWLEDGMENTS	58
EXIT CONFERENCE	59

INTRODUCTORY SECTION



Judicial Expense Fund

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April 17, 2003

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

It is my privilege to present the very first 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 (Judicial Expense Fund)** for the fiscal years ended December 31, 2002 and 2001. The report was prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), and is submitted in accordance with Louisiana Revised Statutes, Title 24, section 514.

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

The Judges En Banc of the Judicial Expense Fund are responsible for the accuracy, completeness and fair presentation of the data, representations, and disclosures presented in the CAFR. To the best of our knowledge and belief, the data presented are accurate in all material aspects, 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 9, includes the independent auditor's report, Management's Discussion and Analysis, government-wide financial statements, fund level financial statements, notes to the financial statements, and required supplementary information; and
- The Statistical Section, beginning on page 31, presents historical financial data.

GAASB Statement Number 34 requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis. This letter of transmittal is intended to complement Management's Discussion and Analysis, which begins on page 12 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 & Torvalson LLP, located in New Orleans, Louisiana. The goal of the independent audits were to provide reasonable assurance that the financial statements of the Judicial Expense Fund for the fiscal years ended December 31, 2002 and 2001 are free of material misstatement. The independent audits involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audits that there was a reasonable basis for rendering an unqualified opinion that the financial statements of the Judicial Expense Fund for the years ended December 31, 2002 and 2001 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 judgments by management. All internal control evaluations occur within this framework. We believe that the internal accounting controls of the Judicial Expense Fund adequately safeguard assets and provide reasonable assurance of proper recording and reporting of financial transactions.

Profile of the Judicial Expense Fund

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

Revenues for the Judicial Expense Fund are comprised primarily of filing fees paid by attorneys and litigants; the Judicial Expense Fund does not receive any tax revenues. At December 31, 2002 and 2001 the Judicial Expense Fund did not have any debt, and had designated \$5,600,000 and \$3,800,000 of the fund balance at December 31, 2002 and 2001, respectively (see NOTE 7). In addition, management is of the opinion that the Judicial Expense Fund is not required to adopt a budget, so no budget has been adopted.

As the Organization Chart on page 8 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 7 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, 2004; the terms of the three First City Court judges expire on December 31, 2004; and the term of the Second City Court judge expires on December 31, 2007.

Factors Affecting Financial Condition

The state of the local or national economy does not have a significant overall effect on the program revenues of the Judicial Expense Fund. New suits filed in the three courts over the past ten years ranged from 41,433 in 2002 to 46,276 in 1996, a variance of 12%. Generally, any change in revenues from court filings are offset by a corresponding change in revenues from real estate transactions which are filed in the two city offices, which results in a relatively steady revenue stream overall. The last increase in filing fees was in 1998. However, a slowing national economy, which has been the case the past two years, has resulted in lower interest income earned on funds on deposit.

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 construction of a new courthouse building which will better accommodate the citizens of Orleans Parish by allowing 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 a money market account.

Risk Management

The Judges *De Jure* 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. See NOTE 9 on page 49 for information on when liabilities are recorded in the financial statements.

Pensions

As is described in detail in NOTE 3 on page 36, 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 from 2002 to 2003. NOTE 3 contains information on the net pension obligations, unfunded actuarial liabilities for the four pensions, and employer and employee contribution rates.

Postemployment Benefits

The Judicial Expense Fund has about 115 full-time employees, and around 30 temporary employees who work only over the summer months. Currently, the Judicial Expense Fund pays postemployment healthcare benefits for 59 retired employees. As NOTE 11 on page 30 describes the costs of the healthcare benefits paid for retired employees are financed and recorded on a pay-as-you-go basis (expensed in the month of coverage, during the retirement period of the employee); however, in February, 2003 the Governmental Accounting Standards Board issued an Exposure Draft proposing that employers record their cost of postemployment benefits during the period in which the employee worked and provided service to the organization, rather than during the period in which employee is retired, using actuarially calculated data. At this time the Judicial Expense Fund has not assessed the potential financial impact of implementing the proposed accounting standard, which would be applicable beginning with the 2008 fiscal year.

Chief Judge Carolyn W. Gill-Jefferson
The Judges En Banc of the Judicial Expense Fund
April 17, 2003 - Page 6

Awards and Acknowledgments

In July, 2002, the Judicial Expense Fund received a Certificate of Recognition from Tom L. Allen, CPA, Chairman of the Governmental Accounting Standards Board, for the early implementation of GASB Statement Number 34. The Judicial Expense Fund was among the first 289 out of about 80,000 governmental entities in the United States and Canada to implement the standard. The Judicial Expense Fund was commended also by Edwin R. Murray, Louisiana State Representative, in November, 2002, for its early implementation.

I express my appreciation to the Judges En Banc and Michelle R. Rodney, Judicial Administrator for their support while undertaking the task to prepare the first Comprehensive Annual Financial Report of the Judicial Expense Fund in its 123 year history. I also wish to thank the staff in the fiscal administration department for their contributions, as well as the Judges En Banc for their high standards of accountability in financial reporting. Thanks also to David R. Bean, Director of Research at the Governmental Accounting Standards Board, and the staff at the Government Finance Officers Association for answering the more difficult implementation questions.

Sincerely,

Diane B. Allison, CPA

Diane B. Allison, CPA
Chief Accountant

D8A

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

PRINCIPAL OFFICIALS

2002 JUDGES EN BANC

Judge's Name	Court	Division
Carolyn W. Gill Jefferson	Civil District Court	A
Rosemary Lohr	Civil District Court	B
Roland L. Belzonic	Civil District Court	C
Lloyd J. Medley, Jr.	Civil District Court	D
Madeleine M. Landrice	Civil District Court	E
Yveta T. Magee	Civil District Court	F
Robin M. Giarrusso	Civil District Court	G
Michael G. Bugneris	Civil District Court	H
Piper D. Griffin	Civil District Court	I
Nadine M. Ramsey	Civil District Court	J
Richard J. Comacinas	Civil District Court	K
Kerr A. Rezac	Civil District Court	L
C. Hunter King	Civil District Court	M
Ethel Susan Adlin	Civil District Court	N
		Section
Charles A. Inghirone	First City Court	A
Angelique A. Reed	First City Court	B
Sonja M. Spears	First City Court	C
Mary "K" Newman	Second City Court	

2002 PAROCHIAL OFFICIALS

Name	Office
Dale N. Atkins	Clerk of Civil District Court
Ellen M. Hazout	Clerk of First City Court
Martin L. Boussoard, Jr.	Clerk of Second City Court
Desiree M. Charbonnet	Recorder of Mortgages
Gasper J. Schiro	Register of Conveyances

FINANCIAL SECTION





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

Michael H. Bruno, CPA
Walter J. Tervalon, Jr., CPA
Walter J. Morel, Jr., CPA
Paul K. Smith, Sr., CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the governmental activities and fund financial statements as listed in the Table of Contents of the Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans (hereinafter collectively referred to as the JEF) as of and for the years ended December 31, 2002, and 2001. The governmental activities and fund financial statements are the responsibility of the JEF's management. Our responsibility is to express an opinion on the governmental activities and fund financial statements based on our audits.

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

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

In our opinion, the governmental activities and fund financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the the JEF as of December 31, 2002, and 2001, and the changes in financial position of those activities and fund for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2003 on our consideration of the JEF's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audits performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Our audits were performed for the purpose of forming an opinion on the governmental activities and fund financial statements of the JEF taken as a whole. The supplementary information identified as Exhibits F and G 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 Exhibits A, B, C, D and E is presented for purposes of additional analysis and is not a required part of the governmental activities and fund financial statements of the JEF. Such information has been subjected to the auditing procedures applied in the audits of the governmental activities and fund financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the governmental activities and fund financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 17, 2003

Judicial Expense Fund
Management's Discussion and Analysis

Introduction to Financial Statements

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

In GASB 34 terms, the Judicial Expense Fund has only one fund, the General Fund, and engages in only one type of activity, a governmental activity of a special-purpose government. The fund-level financial statements (Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance, shown on pages 22 through 24) show the results of operations and financial position using the *current financial resources measurement focus and modified accrual* basis of accounting, emphasizing the change in fund balance as a result of the current year's operations, as well as the amount of resources available to spend. The government-wide financial statements (Statement of Net Assets and Statement of Activities, shown on pages 20 and 21) 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 level* 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 statement; *government-wide* financial statements include noncurrent assets and liabilities and their related expenses. For the Judicial Expense Fund at the *fund level*, the full purchase price of capital assets (\$212,604 in 2001 and \$884,276 in 2002) 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

Judicial Expense Fund
Management's Discussion and Analysis, Continued

noncurrent assets on the Statement of Net Assets (with their related Accumulated Depreciation), and a portion of their purchase price has been allocated as depreciation expense on the Statement of Activities, as is the practice in private-sector enterprises. On the liability side, the fund-level Balance Sheet excludes noncurrent liabilities (\$40,174 in 2001 and \$34,520 in 2002), but the government-wide Statement of Net Assets includes these liabilities, as they will be paid sometime in the future and thus affect total economic resources, although not current financial resources.

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

CHART 1:
Overview of the Differences in Fund-level and Government-wide Financial Statements

	Fund-level	Government-wide
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
Capital Assets	Full purchase price is expensed in the year of purchase in the operating statement; not recorded on the Balance Sheet	Full purchase price is recorded as a capital asset on the Statement of Net Assets and depreciation expense for the current fiscal year is recorded on the Statement of Activities; total Accumulated Depreciation expense is shown on the Statement of Net Assets

Judicial Expense Fund
Management's Discussion and Analysis, Continued

	Fund Level	Governmental-Wide
Noncurrent liabilities	Not shown on the Balance Sheet; the related expenditures 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.

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

A significant difference lies in the presentation of the operating statement. The fund level Statement of Revenues, Expenditures, and Fund Balance lists revenues followed by the detailed list of expenditures (separated into direct and indirect) and ends with the fund balance reconciliation. This familiar statement answers the question, "Did this year's operations increase or decrease fund balance?" (available financial resources). The 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 net program revenues (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.

Judicial Expense Fund
 Management's Discussion and Analysis, Continued

How 2002 compares with 2001 - Statement of Net Assets

Chart 2 provides condensed information from the Statement of Net Assets for 2002 and 2001.

CHART 1:
Statement of Net Assets Comparative Data

	2002	2001	Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percent (%)
Capital assets (net)	\$1,019,431	\$400,452	\$618,979	154.6
Other assets	<u>8,897,929</u>	<u>7,303,648</u>	<u>(1,594,649)</u>	(49.7)
Total assets	7,917,450	7,794,100	123,350	1.6
Noncurrent liabilities	56,520	40,374	16,146	40.7
Other liabilities	<u>885,636</u>	<u>646,636</u>	<u>239,000</u>	33.9
Total liabilities	942,156	686,810	255,346	34.3
Unrestricted net assets	<u>\$6,995,274</u>	<u>\$7,107,290</u>	<u>(\$112,016)</u>	(1.6)

Capital assets increased significantly in 2002. This was the second year of the three-year project of converting the obsolete 1987 WANG mainframe computer, containing information on court filings, to an Internet-based application which retrieves information over ten times faster and allows for expansion as filings increase. In 2001, the first year of the project, \$163,630 was spent on the WANG conversion; in 2002 \$666,348 was spent, for a total of \$829,968, 28% of the estimated \$3 million project cost. The conversion is scheduled to be complete in the spring of 2004.

Judicial Expense Fund
Management's Discussion and Analysis, Continued

A second technology project, for which \$65,095 was spent in 2002, is the implementation of a real-time court reporting system. This technology provides for the immediate transcription of the court reporter's dictionary into English, enabling the judge to read court proceedings as they are occurring and expediting the process of providing transcriptions to interested parties. The estimated cost for the implementation in each of the eighteen court divisions in the Judicial Expense Fund is \$125,406.

In 2002, a new X-ray security scanner, costing \$37,653, was purchased to replace the 11-year-old outdated machine which was no longer serviceable. The new scanner, using advanced technology, provides clearer images in color, increases identification of objects, and takes up less floor space.

2002 saw the beginning of the expenditure of funds (consulting fees) for the eventual construction of a new courthouse building, in accordance with LSA-R.S. 13:1512 as amended in the 2002 legislative session with the addition of paragraph D. Also new in 2002 was significant leasehold improvements (shelving) to the new storage facility located in New Orleans East. See NOTE 4 on pages 43 through 45 for detailed information on capital assets and related depreciation expense.

92% of the decline in other assets is the decrease in cash as a result of funding the capital improvement projects.

The change in noncurrent liabilities is due to an increase in compensated absences, which usually increases from year to year as salaries increase. The increase in other liabilities includes the accrual of salaries payable for five additional days in 2002 than in 2001, as well as \$24,954 retained on the development of software for the WANG conversion project. NOTE 13 on page 50 provides a summary of changes in noncurrent liabilities for 2002 and 2001.

Judicial Expense Fund
Management's Discussion and Analysis, Continued

How 2002 compares with 2001 - Statement of Activities

Chart 7 below gives comparative data from the Statement of Activities for the fiscal years ending December 31, 2002 and 2001.

CHART 7:
Statement of Activities Comparative Data

	2002	2001	Variance Increase (Decrease) Amount	Variance Increase (Decrease) Percent (%)
Program revenues	\$15,507,875	\$14,581,548	\$926,327	6.4
General revenues	<u>208,826</u>	<u>484,824</u>	(275,998)	(57.1)
Total revenues	15,716,701	15,066,372	650,329	4.3
Expenses:				
Civil District Court	3,096,448	3,959,938	(863,490)	(21.8)
First City Court	2,437,348	2,344,138	93,210	4.0
Second City Court	459,188	467,352	(8,164)	(1.7)
Recorder of Mortgages	1,989,478	1,798,655	190,823	10.6
Register of Conveyances	<u>1,346,811</u>	<u>1,378,861</u>	(32,050)	(2.3)
Total expenses	15,888,767	14,911,188	977,579	6.6
Change in net assets	(1,172,066)	366,398	(1,538,464)	(420.3)
Beginning net assets	<u>2,187,228</u>	<u>6,246,892</u>	(4,059,664)	(65.0)
Ending net assets	<u>\$1,015,162</u>	<u>\$2,187,228</u>	(1,172,066)	(53.6)

The decline in general revenues is due to the decline in interest income as a result of the nation's economy. In 2001, interest rates dropped dramatically from 5.4% in January to 1.75% in December. In 2002 the highest rate earned was 1.82% in March, sinking to a low of 1.21% in December. This decline in interest rates, coupled with a decline in the principal of \$648,552 or 17%, is the reason for the severe decline in general revenues.

Judicial Expense Fund
Management's Discussion and Analysis, Continued

Operating expenses increased for four of the five functions from 2001 to 2002. The rising cost of health insurance is a primary contributor to the operating deficit in 2002. In accordance with the Deficit Reduction Act of 2001, the Judicial Expense Fund was required to pay a one-time health insurance premium rate adjustment of \$149,802, or 20.7% of the annual premium cost. In addition, the required employer share increased from 57% to 61% of the total premium cost for active employees. A salary increase given in 2002 resulted in increased payroll expenses of \$896,476, and depreciation expense increased by \$142,268 from 2001 to 2002 because there are more capital assets to depreciate.

Nonrecurring operating expenses in 2002 include \$86,818 to relocate stored court records to a larger storage facility; \$47,845 to replace flooring in the building; and \$35,094 for the safety and ergonomic programs, in addition to the \$149,802 health insurance premium rate adjustment (\$299,561 total).

Overall analysis

2002 operations decreased Net Assets by about 2%. The cash balance declined by \$455,343 to fund the various capital asset purchases mentioned above. Capital assets before accumulated depreciation increased by \$844,276. The Judges *En Banc* have designated \$2.8 million for three major capital projects, and \$3 million for a new courthouse building (see Note 7).

Program revenues increased by \$504,315, or 3%, from 2001 to 2002, with the largest percent increase posted in the office of the Recorder of Mortgages: many homeowners took advantage of the low interest rates in 2002 to refinance their debt. The low interest rates caused a 47% decline in interest income for the Judicial Expense Fund. Expenses increased by \$977,581 (7%), primarily due to an increase in salaries (and related expenses) and \$299,561 in non-recurring expenses, as explained previously.

**Judicial Expense Fund
Management's Discussion and Analysis, Continued**

Significant Events

In December 2002 cost-of-living salary increases were approved effective January 1, 2003. The Judicial Expense Fund received notice that the employer contribution rates for all four of the pensions in which employees participate will increase in 2003. General liability, errors and omissions, and workers compensation insurance premiums will increase by \$43,250 for 2003. Health insurance premiums will increase effective July 1, 2003, when the employer will pay 75% of the premium cost for single active employees (up from 65%). Facing these increased operating costs the Judges *En Banc* approved increasing filing fees effective August 1, 2003 (the last increase was in 1998) as well as instituted some measures to reduce other operating costs.

The Judges *En Banc* continue to have discussions and make progress regarding the construction of a new, modern courthouse building, able to accommodate current technology and better serve the citizens, legal community, jurors, and employees. A consultant from the National Center for State Courts has been retained and discussions regarding the issuance of bonds are ongoing.

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

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
STATEMENT OF NET ASSETS
DECEMBER 31, 2002 AND 2001**

	ASSETS	
	GOVERNMENTAL ACTIVITIES	
	2002	2001
Current Assets:		
Cash and temporary cash investments (NOTE 2)	\$5,414,872	\$6,888,215
Accounts receivable	266,889	218,716
Interest receivable (NOTE 4)	184,827	292,008
Prepaid expenses	<u>62,611</u>	<u>44,737</u>
Total current assets	5,929,209	7,443,686
Noncurrent Asset:		
Capital assets, net of accumulated depreciation (NOTE 4)	1,018,431	<u>480,452</u>
Total noncurrent assets	<u>1,018,431</u>	<u>480,452</u>
Total assets	7,947,640	7,924,138
	LIABILITIES	
Current Liabilities:		
Accounts payable	\$ 454,710	\$ 348,568
Supreme Court Funds payable	80,118	21,886
Accrued salaries and benefits payable	<u>368,729</u>	<u>314,281</u>
Total current liabilities	<u>883,557</u>	<u>684,735</u>
Noncurrent liabilities:		
Compensated absences payable (NOTE 12)	91,982	34,482
Other payable (NOTE 12)	<u>4,528</u>	<u>5,711</u>
Total noncurrent liabilities	<u>96,510</u>	<u>40,193</u>
Total liabilities	980,067	724,928
	NET ASSETS	
Invested in capital assets	1,458,903	605,817
Unrestricted (NOTE 7)	<u>3,984,371</u>	<u>6,933,661</u>
Total net assets	\$6,443,274	\$7,539,478

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

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

Function	2001		2001		Net (Decrease) Revenues and Changes in Net Assets
	Expenses	Program Revenues	Net (Decrease) Revenues and Changes in Net Assets	Program Revenues	
Civil District Court	\$ 9,996,449	\$ 5,536,900	\$ 3,390,490	\$ 5,099,900	\$ (186,061)
Fifth City Court	2,597,248	2,151,568	2,064,889	2,344,128	(124,642)
Seventh City Court	478,092	183,976	286,294	497,252	(256,161)
Recorder of Mortgages	1,908,478	3,482,958	1,274,482	1,780,699	1,428,202
Register of Conveyances	1,146,811	1,351,358	(83,123)	1,029,661	(163,889)
Total	\$ 13,086,087	\$ 13,597,672	\$ 6,089,032	\$ 14,951,186	\$ 1,279,567
General Revenues:					
Interest Income			296,818		475,628
Other Income			(1,858)		8,385
Total general revenues			294,960		484,013
Change in net assets			(112,816)		566,396
Net assets, beginning of the year			7,007,290		6,248,852
Net assets, end of the year			\$ 6,894,474		\$ 7,107,251

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, 2002 AND 2001**

ASSETS		
	2002	2001
Cash and temporary cash investments	\$6,414,871	\$6,580,113
Accounts receivable	268,089	218,716
Interest receivable	144,027	250,000
Prepaid expenses	<u>63,011</u>	<u>44,717</u>
Total assets	<u>\$6,890,098</u>	<u>\$7,093,546</u>
 LIABILITIES		
Accounts payable	\$ 454,791	\$ 348,348
Supreme Court funds payable	41,130	23,866
Salaries and benefits payable	<u>369,735</u>	<u>324,102</u>
Total liabilities	<u>\$825,656</u>	<u>\$696,316</u>
 FUND BALANCE		
Designated for subsequent years' special projects	3,800,000	3,800,000
Unreserved	<u>482,363</u>	<u>947,022</u>
Total fund balance	<u>4,282,363</u>	<u>4,747,022</u>
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are net financial resources and therefore are not reported in the governmental fund at the fund level	1,819,431	480,412
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>(24,223)</u>	<u>(48,139)</u>
Net assets	<u>\$6,093,214</u>	<u>\$7,107,209</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, 2002 AND 2001**

	2002	2001
REVENUES		
Filing fees	\$15,455,440	\$14,964,688
Interest income	256,006	473,638
Remote access fees	38,275	28,876
Other income	<u>27,000</u>	<u>8,185</u>
Total revenues	<u>15,776,721</u>	<u>15,475,387</u>
EXPENDITURES		
Direct:		
Salaries	10,801,083	10,331,246
Employee benefits	2,528,586	2,171,737
Court stenographer and interpreter fees	16,336	7,557
Jury meals and transportation	81,859	68,887
UCC filing fees	48,381	67,731
Books, printing and copying	313,907	358,936
Building and storage rental	143,213	148,342
Furniture, equipment and maintenance	202,805	283,294
Insurance	73,582	59,835
Office supplies and expenditures	372,680	272,191
Postage and couriers	68,371	68,220
Professional services	174,622	158,285
Telephone	218,433	228,598
Other expenditures	<u>18,867</u>	<u>34,782</u>
Total direct expenditures	<u>15,094,505</u>	<u>14,274,269</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 FUNDS, CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
EXPENDITURES, CONTINUED		
Indirect:		
Security fees	\$ 96,200	\$ 90,662
Professional education, dues and subscriptions	213,487	212,653
Capital expenditures	844,278	212,004
Building improvements and maintenance	<u>229,932</u>	<u>263,811</u>
Total indirect expenditures	<u>1,383,897</u>	<u>780,030</u>
Total expenditures	<u>16,621,408</u>	<u>15,004,289</u>
Change in fund balance	(714,649)	473,385
Fund balance, beginning of the year	<u>6,247,012</u>	<u>6,271,727</u>
Fund balance, end of year	<u>\$ 5,532,363</u>	<u>\$ 6,745,112</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, 2002 AND 2001

	<u>2002</u>	<u>2001</u>
Net change in fund balance	\$(714,849)	\$475,183
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed accumulated depreciation in the current period	668,878	129,173
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	(16,740)	(26,463)
Change in net assets	<u>\$212,039</u>	<u>\$585,293</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**

INDEX

	PAGE
NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:	
Background	28
The Financial Reporting Entity	28
Government-Wide and Fund Financial Statements	29
General Fund	30
Capital Assets	32
Budgets and Budgetary Accounting	32
Compensated Absences	33
Professional Education, Dues and Subscriptions	33
Use of Estimates	33
Comparative Data/Reclassifications	34
Governmental Accounting Standards Board (GASB) Numbers 25 and 27	34
Prepaid Expenses	34
NOTE 2 - CASH AND TEMPORARY CASH INVESTMENTS	35
NOTE 3 - PENSION PLANS	36
NOTE 4 - CAPITAL ASSETS	43
NOTE 5 - COMMITMENTS	45

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

INDEX, CONTINUED

	<u>PAGE</u>
NOTE 6 - REGISTRY OF COURT FUNDS	43
NOTE 7 - DESIGNATED FUNDS	47
NOTE 8 - OPERATING LEASES	48
NOTE 9 - RISK MANAGEMENT	49
NOTE 10 - CONCENTRATION OF CREDIT RISK	49
NOTE 11 - POST RETIREMENT BENEFITS	50
NOTE 12 - CHANGES IN NONCURRENT LIABILITIES	50

**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 JEF) 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 and the First and Second City Courts of the City of New Orleans, and the offices of the Recorder of Mortgages and the Register of Conveyances for the City of New Orleans.

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

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

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

NOTE 1 - Summary of Significant Accounting Policies, Continued:

The Financial Reporting Entity, Continued

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

As previously discussed, state statute established the JEF as the managing entity for fiscal operations of the Clerks of the Civil District Court for the Parish of Orleans and the First and Second City Courts of the City of New Orleans, and the Recorder of Mortgages and the Registrar of Conveyances for the City of New Orleans which are separate and independent of any other governmental "reporting entity" as defined by GASB 14. In addition, the JEF is financially independent of other governments. Although the JEF conducts its business from a building provided by the City of New Orleans as discussed in NOTE 4, this support is considered incidental in relation to the JEF's total revenues and expenditures and in view of the additions and improvements made to this building by the JEF from its operating revenues over the term of its occupancy which total in excess of \$2,889,724 for 2002 and \$2,649,792 for 2001.

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

Government-Wide and Fund Financial Statements

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

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

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

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

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

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

The JEP reports its governmental fund as follows:

General Fund

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

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

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 each salary are earned by the respective judges for serving in their capacities as state judges and not for compensation in their roles as management of the JEF.

Additionally, the JEF has no authority in the determination of these salary amounts or the duties of these individuals in their capacities as state judges. For the same reasons, certain expenditures incurred by these judges and paid directly by the Supreme Court of Louisiana are likewise excluded from these financial statements. Also, salaries of the judges of the First and Second City Courts are paid jointly by the Supreme Court of Louisiana and the JEF pursuant to LSA-R.S. 13:2152). For the years ended December 31, 2002, and 2001, the JEF paid \$83,597 and \$84,788, respectively for each of the four (4) city court judges for a total of \$370,387 and \$338,152, respectively in salaries to these judges.

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

NOTE 1 - Summary of Significant Accounting Policies, Continued

Capital Assets

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

Computer Equipment	5 years
Computer Software	3 years
Office Equipment	5 years
Furniture and Fixtures	60 years
Leasehold Improvements	3 years

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.

Budgets and Budgetary Accounting

A budget was not adopted for the years ended December 31, 2002, and 2001, since management is of the opinion that the JEF is not required to do so. Accordingly, no Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual is included in the financial statements presented herein.

**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:

Compensated Absences

It is the JEF's policy to permit some employees to accumulate a limited amount of earned but unused leave (annual vacation and sick leave). The unused leave for some employees may be carried forward from year to year, and is payable upon separation from service. Accrued leave earned but unused by those employees at December 31, 2002, and 2001, respectively has been included in the accompanying financial statements.

Professional Education, Dues and Subscriptions

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

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

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

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 JEP's financial statements reflect the disclosure requirements of GASB Numbers 25 and 27.

Prepaid Expenses

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

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

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 maturity of three months or less.

At December 31, 2002, and 2001, the carrying amounts of the JEF's deposits were \$6,424,872 and \$6,880,315, respectively and the bank balances were \$6,430,240, and \$6,883,906, respectively as of December 31, 2002, and 2001. Of these amounts, \$100,000 was covered by federal depository insurance and the remainder collateralized by a pledge of securities in the joint name of the JEF and the financial institution and held in safekeeping by the Federal Reserve Bank. The cash and temporary cash investments are categorized as Category 1.

Category 1 represents cash and temporary cash investments insured or registered or collateralized with securities held by the pledging financial institution's trust department or agent in the JEF's name.

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

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

<u>Plan</u>	<u>Louisiana Revised Statute</u>
Louisiana State Employees' Retirement System-Employees	11:401-542
Louisiana State Employees' Retirement - Judges	11:401-571
Louisiana Clerks' of Court Retirement and Relief Fund	11:1540-1578
Louisiana Sheriff's Pension and Relief Fund	11:2171-2184
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 70806-4213
Telephone: (800) 238-3090
Fax: (225) 922-0634
Website: lars.state.la.us

Louisiana Clerks' of Court Retirement and Relief Fund
11745 Brickstone Avenue - Suite B-1
Baton Rouge, LA 70816
Telephone: (800) 238-6660
Fax: (225) 251-7424
Website: lccrforcourt.org

Louisiana Sheriff's Pension and Relief Fund
65 St Florida Boulevard - Suite 215
Baton Rouge, LA 70806
Telephone: (225) 922-0465
Fax: (225) 922-0432

**City of New Orleans
Employees' Retirement System**
1340 Poydras Street - 8th Floor
New Orleans, LA 70112
Telephone: (504) 298-4150
Fax: (504) 298-4162

**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 JEF also contributes a specified percentage.

Those plans in which the employees of the JEF participate and the specified contribution percentages which follow remained the same for 2002 and 2001, except for the Sheriff's Pension and Relief Fund which was 9.70% for employees and 5.00% for the employer in 2001.

	<u>Employee</u>	<u>Employer</u>
Louisiana State Employees Retirement System (LASERS) - Employees	7.50%	13.00%
Louisiana State Employees Retirement System (LASERS) - Judges	11.5%	13.00%
Louisiana Clerks' of Court Retirement and Relief Fund (Clerks)	8.25%	10.00%
Louisiana Sheriffs' Pension and Relief Fund State of Louisiana (Sheriff)	9.80%	7.00%
Employees' Retirement System of the City of New Orleans (ERS/CNO)	4.00%	8.00%

**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:

The amounts of the most recently actuarially determined employer contribution as a percentage of covered compensation for each plan for the years ended 2002 and 2001 amounted to:

	2002	2001
LASERS	13.05%	13.00%
Clerks	8.08%	7.80%
Sheriffs	7.00%	7.00%
ERSCND	7.99%	5.69%

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

The total payroll of the JEF for 2002 and 2001 amounted to \$10,817,429 and \$10,567,808, respectively. The JEF's contributions to the retirement system and the total covered payrolls by each retirement system by year are as follows:

	2002				
	LASERS	Clerks	Sheriffs	ERSCND	TOTAL
Total covered payroll	\$2,036,878	\$2,257,620	\$696,173	\$1,935,814	\$9,326,487
Employer contribution	\$ 276,654	\$ 575,943	\$ 51,355	\$ 154,880	\$1,058,832
Aggregate pension cost	\$ 437,528	\$ 944,659	\$118,529	\$ 230,732	\$1,732,348

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

NOTE 3 - Pension Plans, Continued

	2001				TOTAL
	LAWYERS	Clerks	Sheriffs	EMERGENCY	
Total covered payroll	\$1,698,791	\$1,438,189	\$662,958	\$1,979,059	\$5,738,977
Employer contribution	\$ 220,843	\$ 559,743	\$ 43,989	\$ 157,698	\$ 972,273
Aggregate pension cost	\$ 358,617	\$ 978,176	\$107,727	\$ 332,813	\$1,677,333

	2000				TOTAL
	LAWYERS	Clerks	Sheriffs	EMERGENCY	
Total covered payroll	\$1,389,535	\$1,147,664	\$678,839	\$1,836,479	\$5,112,478
Employer contribution	\$ 175,857	\$ 507,523	\$ 34,894	\$ 159,127	\$ 877,401
Aggregate pension cost	\$ 290,188	\$ 923,151	\$ 95,182	\$ 333,037	\$1,642,558

Aggregate pension costs for the respective years ended December 31, 2002, 2001, and 2000, were \$1,732,548, \$1,677,333, and \$1,642,965, respectively.

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

NOTE 3 - Pension Plans, Continued:

The pension benefit obligation is a standardized measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rated benefits, estimated to be payable in the future as a result of employee service to date.

Most recent historical trend information showing each plan's progress in accumulating sufficient assets to pay benefits when due is presented in each plan's annual financial report. These reports of the various multiple-employer plans provided by state or city governments are subject to audits by independent auditors who issue separate reports thereon.

The following summarizes such:

	2000			
	LASERS	Clerks	Sheriffs	ERSCA
	(In Thousands)			
Net assets	\$ 5,619,878	\$ 204,898	\$ 820,105	\$314,037
Pension benefit obligation	<u>(8,484,197)</u>	<u>(283,812)</u>	<u>(930,794)</u>	<u>(33,322)</u>
(Unfunded) or overfunded pension benefit	<u>\$2,864,319</u>	<u>\$ (77,914)</u>	<u>\$ (110,689)</u>	<u>\$280,705</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:

	2001			
	<u>LASERS</u>	<u>Clerks</u>	<u>Sheriffs</u>	<u>ERS/CSO</u>
	(In Thousands)			
Net assets	\$ 6,083,654	\$ 196,439	\$ 831,081	\$348,790,614
Pension benefit obligation	(8,188,985)	(279,638)	(246,560)	(27,618,787)
(Unfunded) or overfunded pension benefit	<u>\$ (2,105,331)</u>	<u>\$ (83,199)</u>	<u>\$ (115,479)</u>	<u>\$ (27,170,822)</u>

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

The following is a summary of capital assets for the years ended December 31, 2002 and 2001:

	Balance January 1, <u>2002</u>	<u>Additions</u>	Balance December 31, <u>2002</u>
Construction in progress	\$ 0-	\$ 25,973	\$ 25,973
Computer equipment	293,878	442,777	736,655
Computer software	193,552	294,538	488,090
Office equipment	58,808	37,748	96,556
Furniture and fixtures	60,389	23,333	83,722
Leasehold improvements	<u>0-</u>	<u>72,682</u>	<u>72,682</u>
Sub-total	606,627	844,276	1,450,903
Less accumulated depreciation and amortization	(286,173)	(225,297)	(511,470)
Net	<u>\$ 320,454</u>	<u>\$ 618,979</u>	<u>\$ 939,433</u>

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

NOTE 4 - Capital Assets, Continued:

	Balance January 1, <u>2001</u>	Additions	Balance December 31, <u>2001</u>
Computer equipment	\$ 242,882	\$ 50,996	\$293,878
Computer software	99,499	134,053	233,552
Office equipment	55,608	3,200	58,808
Furniture and fixtures	<u>36,024</u>	<u>24,333</u>	<u>60,357</u>
Sub-total	<u>\$ 394,013</u>	<u>\$212,682</u>	606,695
Less accumulated depreciation	(123,146)	(83,029)	(206,175)
Net	<u>\$ 270,867</u>	<u>\$129,653</u>	<u>\$ 400,520</u>

Depreciation and amortization expense charged to each function for the years ended December 31, 2002, and 2001, are as follows:

	2002	2001
Civil District Court	\$151,480	\$53,707
First City Court	36,540	11,779
Second City Court	2,804	2,444
Recorder of Mortgages	38,634	10,134
Register of Conveyances	<u>15,832</u>	<u>4,965</u>
	<u>\$225,290</u>	<u>\$83,029</u>

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

NOTE 4 - Capital Assets, Continued:

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

These additions and improvements are not included in the capital assets since the JEF does not own the building. Such building additions and improvements funded from operations of the JEF over its term of occupancy amount to \$2,889,734 and \$2,649,792 through December 31, 2002 and 2001, respectively. Building additions and improvements made for the years ended December 31, 2002 and 2001 amounted to \$239,932 and \$263,811, respectively, and are included in the accompanying financial statements of the JEF.

NOTE 5 - Commitments:

The JEF has agreed to make monthly payments to the widow of a former city court judge who expired while in office in the 1970s. The payments are to continue for the remaining life of the widow. The annual amount of the payments totaled \$6,417 and \$4,583 for 2002 and 2001, respectively, and are reflected as an expense in the accompanying financial statements of the JEF.

NOTE 6 - Registry of Court Funds:

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

**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:

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

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

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. 13:1309 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 JEF as reimbursement for administrative costs associated with the Registry of Court funds.

Interest earned and due to the JEF at December 31, 2002, and 2001, amounted to \$144,027 and \$250,000 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 2001 directed the dedication of approximately \$5,800,000 from the unrestricted net assets for various special projects. At December 31, 2002 and 2001 the remaining balances including any adjustments by project are as follows:

PROJECT	DESCRIPTION	AMOUNT	
		2002	2001
WANG System Conversion	The Court is converting the old WANG System by replacing all hardware, software, and cables.	\$2,200,000	\$2,400,000
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.	350,000	350,000

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

NOTE 7 - Designated Funds, Continued:

PROJECT	DESCRIPTION	AMOUNT	
		2002	2001
Building Improvements	The JEF plans to maintain the new floors recently installed in the building, continue to professionally clean the offices twice a year, power wash the building's exterior, and provide landscaping.	\$ 50,000	\$ 50,000
New Courthouse Acquisition Fund	The JEF plans to purchase/build a new courthouse building since the 421 Loyola Avenue building is unable to provide the JEF with the space needed to expand.	2,000,000	2,000,000
	Total designated	<u>\$5,600,000</u>	<u>\$5,800,000</u>

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

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

NOTE 8 - Operating Leases:

The JEF is committed under various leases for office equipment and storage which expire in varying periods through 2007. The leases are considered for accounting purposes to be operating leases. Lease expenses for the years ended December 31, 2002 and 2001 were \$202,965 and \$207,683, respectively.

Future lease payments for these leases are as follows:

<u>Year Ending</u>	<u>Amount</u>
2003	\$267,692
2004	222,625
2005	118,151
2006	76,162
2007	<u>33,033</u>
Total	<u>\$718,663</u>

NOTE 9 - Risk Management:

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

NOTE 10 - Concentration of Credit Risk:

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

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

NOTE 11 - Post-Retirement Benefits:

The JEF provides certain continuing health care, dental and life insurance benefits for its retired employees as provided by LSA-R.S. 17:1223. Substantially all of the JEF's employees become eligible for these benefits if they reach normal retirement age while working for the JEF. These benefits for retirees and similar benefits for active employees are provided through a private insurer, whose monthly premiums are paid jointly by the employee and by the JEF. Currently, the JEF provides post-employment benefits for fifty-nine (59) retired employees. The JEF recognizes the cost of providing these benefits (the JEF's portion of premiums) as an expense when the benefit premiums are due. In 2002 and 2001 the JEF's portion of healthcare, dental and life insurance benefit premiums totaled \$935,545 and \$651,588, respectively.

NOTE 12 - Changes in Noncurrent Liabilities:

The following is a summary of changes in noncurrent liabilities for the years ended December 31, 2002, and 2001:

	2002			2001		
	Compensated Absences	Other Liabilities	Total	Compensated Absences	Other Liabilities	Total
Beginning of year	\$36,462	\$3,712	\$40,174	\$27,979	\$2,000	\$29,979
Additions	15,320	826	16,146	8,483	1,712	10,195
End of year	\$51,782	\$4,538	\$56,320	\$36,462	\$3,712	\$40,174

STATISTICAL SECTION



EXHIBIT A

JUDICIAL EXPENSE FUND
 FOR THE
 CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
 GOVERNMENT-WIDE REVENUES
 LAST TEN YEARS

Fiscal Year	Program Revenues			General Revenues		
	Filing Fees	Remits/Assess	Other	Interest	Other	Total
1993**	\$13,890,192	\$ -	\$ -	\$16,935	\$ -	\$16,967,927
1994**	19,416,185	-	-	297,815	-	19,713,999
1995**	18,247,629	-	-	378,672	3,848	18,621,156
1996**	11,826,775	-	-	416,811	199	11,466,444
1997	11,849,496	-	-	408,389	72,084	12,312,969
1998*	14,283,360	-	-	368,247	86,442	14,738,049
1999	14,334,911	-	-	466,166	289,046	15,090,123
2000	14,722,828	15,078	63,238	658,369	201,789	15,772,492
2001	14,961,684	28,876	-	475,638	8,186	15,474,384
2002	15,455,440	28,275	14,180	258,016	12,880	15,778,791

* Fee Increase
 ** Audit was performed by other auditors

EXHIBIT B

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
FOR THE TWO YEARS ENDED DECEMBER 31, 2002 AND 2001**

Fiscal Year	Civil District Court	First City Court	Second City Court	Recorder of Mortgages	Register of Conveyances	Total
2001	\$9,959,980	\$2,244,128	\$467,352	\$1,760,635	\$1,279,061	\$14,911,156
2002	9,696,449	2,457,349	479,180	1,908,478	1,346,911	15,888,367

NOTE: The new data is available since the implementation of GASB Statement No. 34.

EXHIBIT C

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NET ASSETS TRENDS
DECEMBER 31, 2002 AND 2001**

Fiscal Year	Beginning Net Assets	Increase (Decrease)	Ending Net Assets
2001	\$6,540,892	\$566,398	\$7,107,290
2002	7,187,260	(113,016)	6,995,274

NOTE: The new data is available since the implementation of GASB Statement No. 34.

EXHIBIT D

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
FUND LEVEL EXPENDITURES BY FUNCTION
LAST TEN YEARS**

<u>Fiscal Year</u>	<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>
1993*	\$6,154,074	\$1,307,117	\$242,553	\$1,303,516	\$ 999,427	\$10,116,887
1994*	6,211,524	1,573,956	264,124	1,381,166	869,892	10,302,542
1995*	6,786,661	1,644,669	555,666	1,677,964	1,893,871	11,508,831
1996*	6,838,944	1,667,321	500,589	1,629,893	1,176,066	11,652,813
1997	7,521,607	1,837,490	377,333	1,791,186	1,149,047	12,676,863
1998	7,114,702	1,854,586	377,282	1,792,702	1,149,486	12,288,848
1999	8,175,500	2,025,964	452,152	1,816,335	1,259,835	13,509,824
2000	8,645,838	2,299,886	411,893	1,821,839	1,284,002	14,199,856
2001	9,219,855	2,248,376	441,541	1,758,511	1,335,946	15,004,229
2002	10,012,195	2,567,342	490,878	2,024,359	1,356,238	16,491,408

* Audit was performed by other auditors.

EXHIBIT E

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
FUND BALANCE TRENDS
LAST TEN YEARS**

Fiscal Year	Beginning Fund Balance	Increase (Decrease)	Ending Fund Balance
1993*	\$1,704,689	\$ 220,675	\$1,925,362
1994*	1,925,362	258,185	2,183,545
1995*	2,183,545	(97,672)	1,245,873
1996*	1,245,873	(186,369)	1,059,504
1997	1,059,504	(283,903)	695,601
1998	695,601	2,449,201	3,144,802
1999	3,144,802	1,556,319	4,701,121
2000	4,701,121	1,572,606	6,273,727
2001	6,273,727	473,285	6,747,012
2002	6,747,012	(714,649)	6,032,363

*Audit was performed by other auditors.

EXHIBIT E

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
NEW SUITS FILED
LAST TEN YEARS
(UNAUDITED)**

Fiscal Year	Civil District Cost	First City Cost	Second City Cost	Total*
1993	24,146	19,455	1,868	45,469
1994	20,423	22,140	2,261	44,826
1995	19,595	20,682	2,143	42,420
1996	21,938	23,199	2,139	47,276
1997	23,062	20,028	1,892	44,982
1998	22,438	19,788	2,056	44,282
1999	21,341	19,625	2,095	43,061
2000	20,365	19,573	2,511	42,449
2001	21,587	19,752	2,671	44,010
2002	20,257	18,804	2,372	41,433

* From the annual report of the Judicial Council of the Supreme Court of Louisiana.

EXHIBIT G

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

Year Established	1879
Governing Body	Judges En Banc
Governing Statute	LSA-R.S. 13:1312
Number of Employees	325

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

ACKNOWLEDGMENTS

REPORT PREPARED BY

Diane H. Allison, CPA - Chief Accountant

CHIEF JUDGES

Michael G. Bagnaris - 2001-2003
Carolyn W. Gill-Jefferson - 2003-2004

JUDICIAL ADMINISTRATION

Michelle R. Rodney - Judicial Administrator

FINANCIAL REPORTING SECTION

Elaine T. Brennan - Payroll Specialist
Trina R. Lewis - Accounts Payable
Dwayne J. Miller - Purchasing Agent
Melinda Owens Rapp - Administrative Assistant
Elaine W. Spicer - Employee Benefits Specialist
Sylvia A. Bouate - Systems Support Specialist

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

EXIT CONFERENCE

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

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

Mrs. Michelle R. Rodney -- Judicial Administrator

Mrs. Diane B. Allison, CPA -- Chief Accountant

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andak, Sr., CPA -- Partner

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, 2002

TABLE OF CONTENTS

PAGE

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	1
SUMMARY SCHEDULE OF FINDINGS: FOR THE YEAR ENDED DECEMBER 31, 2002:	
Section I -- Summary of Auditors' Reports	3
Section II -- Financial Statement Findings	3
Section III -- Federal Award Findings and Questioned Costs	5
Section IV -- Status of Prior Years' Findings	5
EXIT CONFERENCE	6



Member

American Institute of
Certified Public Accountants

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Michael B. Brown, CPA

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

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

We have audited the government-wide and fund level financial statements of the **Judicial Expense Fund for the Civil District Court for the Parish of Orleans also including the First and Second City Courts, Recorder of Mortgages and Register of Conveyances for the City of New Orleans** (hereinafter collectively referred to as the **JEF**) as of and for the years ended December 31, 2002, and 2001, and have issued our report thereon dated April 17, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

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

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

an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the JEF'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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Honorable Judges, the JEF's management and the Legislative Auditor, and is not intended to, and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 17, 2015

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2002**

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 FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2002**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:

No federal awards received and/or expended during the year ended December 31, 2002.

Dollar threshold used to distinguish
between type A and B programs

Not applicable

Auditor qualified as low risk auditor?

Not applicable

**JUDICIAL EXPENSE FUND
FOR THE
CIVIL DISTRICT COURT FOR THE PARISH OF ORLEANS
SUMMARY SCHEDULE OF FINDINGS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2002**

Section II - Financial Statement Findings

We reported no financial statements findings for the audit period ended December 31, 2002.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Currently, the JEF does not receive any Federal Awards.

Section IV - Status of Prior Years' Findings

None reported.