

**FIDUCIARY FUNDS ON DEPOSIT
CLERK OF FIRST CITY COURT
FOR THE PARISH OF ORLEANS**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S
REPORT THEREON**

FOR THE YEAR ENDED DECEMBER 31, 2019

FIDUCIARY FUNDS ON DEPOSIT
CLERK OF FIRST CITY COURT FOR THE PARISH OF ORLEANS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Austin Badon
Clerk, First City Court for the Parish of Orleans
New Orleans, LA

Report on the Financial Statements

I have audited the accompanying financial statement of the Fiduciary Funds on Deposit of the Clerk of First City Court for the Parish of Orleans (the "Clerk"), a component unit of the First City Court for the Parish of Orleans, as of December 31, 2019, and the related notes to the financial statements, which collectively comprise the Clerk's basic financial statement as listed in the table of contents.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the Clerk's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statement referred to above present fairly, in all material respects, the financial position of the Fiduciary Funds on Deposit with the Clerk of First City Court for the Parish of Orleans as of December 31, 2019 and for the year then ended December 31, 2019 in accordance with accounting principles generally accepted in the United States of America.

Other Matters (Required Supplementary Information)

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 8 – 9 be presented to supplement the basic financial statement. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statement, and other knowledge I obtained during my audit of the basic financial statement. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statement that comprises the Clerk's basic financial statement. The Schedule of Changes in Fiduciary Assets and Liabilities and Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for additional analysis and are not a required part of the basic financial statement. The

Schedule of Changes in Fiduciary Assets and Liabilities and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of Management and were derived and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated August 23, 2020, on my consideration of the Clerk's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clerk's internal control over financial reporting and compliance.

Jupiter Accounting and Tax Service LLC

August 23, 2020

**FIDUCIARY FUNDS ON DEPOSIT OF FIRST CITY COURT FOR THE PARISH OF
ORLEANS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2019**

ASSETS	<u>Garnishment</u>	<u>Registry</u>	<u>TOTAL</u>
Cash	\$ 498,566	\$ 347,010	\$845,576
TOTAL ASSETS	<u>\$ 498,566</u>	<u>\$ 347,010</u>	<u>\$845,576</u>
LIABILITIES			
Deposits due litigants	\$ 444,669	\$ 333,636	\$778,305
Undistributed interest	<u>53,897</u>	<u>13,374</u>	<u>67,271</u>
TOTAL LIABILITIES	<u>\$ 498,566</u>	<u>\$ 347,010</u>	<u>845,576</u>

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

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 1 - ORGANIZATION

The Clerk of First City Court for the Parish of Orleans (the "Clerk") was created by LSA-R.S. 13:2165. The Garnishment Fund and the Registry of Court Fund were created by LSA-R.S. 13:927 and LSA-R.S. 13.2165, respectively.

The Clerk of First City Court for the Parish of Orleans is the custodian of the Garnishment Fund and the Registry of Court Fund. The Clerk is required to receive cash and/or property deposits according to court order, which will remain the cash and/or property of the litigants until the Clerk is court ordered to disburse the cash and/or property.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Accounting

The Clerk of First City Court for the Parish of Orleans' Statement of Fiduciary Assets and Liabilities are prepared on the modified accrual basis of accounting and in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements during the reporting period. Actual results could differ from those estimates.

The accompanying financial statement and supplementary information present information only on the Garnishment Fund and the Registry of Court Fund maintained by the Clerk of First City Court for the Parish of Orleans and do not present information on the Orleans Parish Judicial Expense Fund, the general government services provided by that governmental unit, or any other governmental units that comprise the financial reporting entity.

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting and Basis of Reporting

The Clerk uses fund accounting to report on its financial position and changes in fiduciary liabilities. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds on Deposit with the Clerk of First City Court for the Parish of Orleans are classified as fiduciary (agency) funds. These funds are described as follows:

Fiduciary Funds-Agency Funds

The Garnishment and Registry of Court Funds account for assets held by the Clerk of First City Court for the Parish of Orleans as an agent for others. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, and use the modified accrual basis of accounting.

Garnishment Fund

The Garnishment Fund, as provided by Louisiana Revised Statute 13:3927, provides that whenever a plaintiff suing out a writ of garnishment shall apply to the court for the issuance of such a writ, the plaintiff shall deposit with the court the sum of fifteen dollars, as a fee for the attorney for the employer who answers such interrogatories.

Registry of Court Fund

The Registry of the Court Fund, as provided by Louisiana Revised Statute 13:2165, accounts for funds that have been ordered by the court to be held on deposit until judgement has been rendered in court litigation. These funds are withdrawn only upon order of the court to named recipients.

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

For purposes of reporting cash flows, cash consists of cash and cash equivalents. The organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates

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

NOTE 3 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents are recorded at \$845,576 at December 31, 2019. The cash is on deposit at two financial institutions in interest bearing accounts. The cash balance exceeded the FDIC coverage limits by \$595,576. The amount above the FDIC coverage limits should be collateralized by the bank to reduce any risk of loss by the organization.

NOTE 4 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of August 23, 2020, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments required to these financial statements.

SUPPLEMENTARY INFORMATION

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended December 31, 2019**

	<u>Garnishment</u>	<u>Registry</u>	<u>Total</u>
ADDITIONS:			
Litigant deposits	\$ 16,904	\$ 82,925	\$ 99,829
Interest	809	507	1,316
Subtotals	<u>17,713</u>	<u>83,432</u>	<u>101,145</u>
DEDUCTIONS:			
Litigant withdrawals	1,380	61,884	63,264
Transfer to capital improvement fund	70,815	513	71,328
Subtotals	<u>72,195</u>	<u>62,397</u>	<u>134,592</u>
NET INCREASE IN TOTAL LIABILITIES	<u>(54,482)</u>	<u>21,035</u>	<u>(33,447)</u>
TOTAL LIABILITIES AT BEGINNING OF YEAR	<u>553,048</u>	<u>325,975</u>	<u>879,023</u>
TOTAL LIABILITIES AT END OF YEAR	<u><u>498,566</u></u>	<u><u>347,010</u></u>	<u><u>845,576</u></u>

See Independent Auditor's Report.

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
SCHEDULE OF COMPENSATION TO AGENCY HEAD
For the Year Ended December 31, 2019**

Agency Head Name: Honorable Austin Badon

Purpose	<u>Amount</u>
Salary	\$ ---
Benefits-health insurance	---
Benefits-dental insurance	---
Benefits-retirement	---
Deferred compensation	---
Workers compensation	---
Benefits-life insurance	---
Benefits-long term disability	---
Benefits-Fica & Medicare	---
Car allowance	---
Vehicle provided by government	---
Cellular phone	---
Dues	---
Vehicle rental	---
Per diem	---
Reimbursements	---
Travel	---
Registration fees	---
Conference travel	---
Unvouchered expenses	---
Meetings & conventions	---
Other	---
TOTAL COMPENSATION	<u>---</u>

Although Honorable Austin Badon is the agency head of the Fiduciary Funds on Deposit Clerk of First City Court for the Parish of Orleans, he is not paid through these funds.

As of December 31, 2019, the Honorable Austin Badon was the agency head. On November 16, 2018, the Honorable Austin Badon assumed the position of agency head.

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT 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*

To the Honorable Austin Badon
Clerk, First City Court for the Parish of Orleans
New Orleans, LA

I have audited, in accordance with the 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, the statement of Fiduciary Assets and Liabilities for the Clerk of First City Court for the Parish of Orleans, as of December 31, 2019, for the year then ended December 31, 2018 and the related notes to the financial statement, which collectively comprise the Clerk's basic financial statement, and have issued my report thereon dated August 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Clerk's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerk's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clerk's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jupiter Accounting and Tax Service LLC

August 23, 2020

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
SUMMARY OF AUDITOR'S RESULTS
December 31, 2019**

Section I — Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statement of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? ___yes Xno

Significant deficiencies identified

not considered to be material weaknesses? ___yes Xno

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards:

Fiduciary Funds on Deposit Clerk of First City Court for the Parish of Orleans did not receive federal awards in excess of \$750,000 during the year ended December 31, 2019; therefore, the Fiduciary Funds on Deposit of First City Court for the Parish of Orleans is exempt from the audit requirements under the OMB Uniform Guidance.

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
December 31, 2019**

I noted no findings in the current period.

**FIDUCIARY FUNDS ON DEPOSIT CLERK OF FIRST CITY COURT FOR THE
PARISH OF ORLEANS
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2019**

I noted no findings in the prior period.