

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS**

**REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

**AS OF AND
FOR THE YEAR ENDED DECEMBER 31, 2019**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
STATEMENT OF FIDUCIARY NET POSITION-DECEMBER 31, 2019 ..	9
NOTES TO THE FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION:	
Statement of Changes in Fiduciary Liabilities For the Year Ended December 31, 2019 (Registry of Court Fund)	19
Statement of Changes in Fiduciary Liabilities For the Year Ended December 31, 2019 (Garnishment Funds on Deposit Fund)	20
Schedule of Compensation, Benefits and Other Payments to Clerk of Court for the Year Ended December 31, 2019	21
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	22
SUMMARY SCHEDULE OF FINDING AND RESPONSE FOR THE YEAR ENDED DECEMBER 31, 2019:	
Section I - Summary of Auditors' Results	25
Section II - Financial Statement Finding and Response	27
Section III - Federal Award Findings and Questioned Costs	27
Section IV - Status of Prior Year's Finding and Response	28
EXIT CONFERENCE	30



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

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the **Registry of Court Fund and Garnishment Funds on Deposit Fund with the Clerk of Court of the Second City Court for the Parish of Orleans (SCC)**, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise SCC's financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

Auditors' Responsibility, Continued

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 risk 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 **SCC'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 **SCC's** internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the **Registry of Court and Garnishment Funds on Deposit Fund with the Clerk of Second City Court for the Parish of Orleans**, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As further discussed in NOTE 1, the financial statements present only the activities of the Registry of Court and the Garnishment Funds on Deposit Fund.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

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 6 through 8 be presented to supplement the financial statements. Such information, although not a part of the financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We 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 our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

Other Matters, Continued

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of changes in fiduciary liabilities for the Registry of Court and Garnishment Funds on Deposit Fund and Schedule of Compensation, Benefits and Other Payments to Clerk of Court are presented for purposes of additional analysis and are not a required part of the financial statements.

The statements of changes in fiduciary liabilities for the Registry of Court and Garnishment Funds on Deposit Funds and Schedule of Compensation, Benefits and Other Payments to Clerk of Court are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statements of changes in fiduciary liabilities for the Registry of Court and Garnishment Funds on Deposit Fund and Schedule of Compensation, Benefits and Other Payments to Clerk of Court are fairly stated, in all material respects, in relation to the financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020 on our consideration of SCC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCC's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 15, 2020

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis of the **Registry of Court and Garnishment Funds on Deposit Fund with the Second City Court for the Parish of Orleans (SCC)** provides an overview of the financial activities of these funds for the year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

Both the Registry of Court and Garnishment Funds on Deposit Funds are Fiduciary (Agency) funds maintained by the Clerk of SCC. The assets in each fund equal the liabilities in each fund. Assets consist entirely of cash on deposit in banks, or being held for deposit. The Funds are custodial in nature and do not involve measurement of the results of operations. The Funds use the modified accrual basis of accounting. There are no budgets prepared for either of these funds because the change in liabilities are determined entirely by the legal filings with SCC and deposit requirements determined on a case by case basis by the Clerk of SCC during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial activities consists of a statement of fiduciary net position of the two funds and a supplementary statement of changes in fiduciary liabilities on both funds. It does not present information on the Judicial Expense Fund for the Civil District Court for the Parish of Orleans nor does it provide a government-wide perspective of SCC.

The statement of fiduciary liabilities provide information only on each of the two funds controlled by the Clerk of SCC and the supplementary information only provides information on each fund.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
MANAGEMENT DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

The Registry of Court Fund is used as a depository for all collections by the Clerk of SCC. Amounts collected for the Judicial Expense Fund and the Garnishment Funds on Deposit Fund are transferred monthly and quarterly, respectively. It also serves as a depository for funds ordered by the court to be held until judgment has been rendered in litigation. The Garnishment Funds on Deposit Fund is used as a depository for funds deposited on behalf of the attorney of an employer by a plaintiff in order to pay for the attorney's fees, and answering any interrogatories. Interest earnings on monies deposited in these two funds are transferred annually to the Capital Improvement Fund for use by the Clerk of SCC in its capital expenditures. The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the financial statement.

USING THIS ANNUAL REPORT

SCC's audit report consists of a financial statement that shows information about SCC's statement of fiduciary net position.

Our auditor has provided assurance in his independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the financial statements. Varying degrees of assurances are being provided by the auditor regarding the other information included in this report. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

ANALYSIS OF FINANCIAL STATEMENTS

The cash balance in the Registry of Court Fund at December 31, 2019 was \$37,821 and December 31, 2018 was \$35,730. The Fiduciary Liabilities at the beginning of the year (January 1, 2019 and January 1, 2018 respectively) for Registry of Court Fund, totaled \$35,730 and \$49,429 and \$37,821 and \$35,730 at the end of 2019 and 2018, respectively. This change represent an increase of \$2091 for 2019 and a decrease in Fiduciary Liabilities of \$13,699 for 2018, respectively.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
MANAGEMENT DISCUSSION AND ANALYSIS, CONTINUED**

ANALYSIS OF FINANCIAL STATEMENTS, CONTINUED

The cash balance in the Garnishment Funds on Deposit Fund at December 31, 2019 was \$45,932 and \$43,714 at December 31, 2018. The Fiduciary Liabilities at the beginning of the year (January 1, 2019 and January 1, 2018, respectively) for Garnishment Funds on Deposit Fund, totaled \$43,714 and \$41,430 and \$45,932 and \$43,714 at the end of 2019 and 2018, respectively. This change represents an increase in Fiduciary Liabilities of \$2,218 and \$2,284 for 2019 and 2018, respectively.

Further, the cash balance of \$37,821 at December 31, 2019 and \$35,730 at December 31, 2018 in the Registry of Court Fund are composed of funds held for unsettled litigation of \$36,083, and \$1,738 and \$35,730 due to the Judicial Expense fund at December 31, 2019 and 2018, respectively.

Likewise, the cash balance in the Garnishment Funds on Deposit Fund at December 31, 2019 was \$45,932 and \$43,714 at December 31, 2018, represent funds on deposit and due to unsettled litigation of \$45,932 and \$43,714, respectively.

This financial report is designed to provide a general overview of the operations of the **Registry of Court and the Garnishment Funds on Deposit Fund** of the Clerk of SCC for those who have an interest in the finances of these two funds. If you have any questions about this report or need additional information, contact Honorable Darren Lombard, Clerk of Second City Court for the Parish of Orleans, at 225 Morgan Street New Orleans, LA 70114.

**CLERK OF COURT
 SECOND CITY COURT FOR THE PARISH OF ORLEANS
 REGISTRY OF COURT FUND
 AND
 GARNISHMENT FUNDS ON DEPOSIT FUND
 STATEMENT OF FIDUCIARY NET POSITION
 DECEMBER 31, 2019**

ASSETS

	<u>REGISTRY OF COURT FUND</u>	<u>GARNISHMENT FUNDS ON DEPOSIT FUND</u>	<u>TOTAL</u>
Cash on hand	\$ 1,738	\$ -0-	\$ 1,738
Cash and cash equivalents (NOTE 3)	<u>36,083</u>	<u>45,932</u>	<u>82,015</u>
Total assets	<u>37,821</u>	<u>45,932</u>	<u>83,753</u>

LIABILITIES AND NET POSITION

Payable to Judicial Expense Fund	1,738	-0-	1,738
Unsettled deposits (NOTE 3)	<u>36,083</u>	<u>45,932</u>	<u>82,015</u>
Total liabilities	<u>37,821</u>	<u>45,932</u>	<u>83,753</u>
Net position	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

The accompanying notes are an integral part of these statements.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT**

NOTE 1 - BACKGROUND AND GENERAL DATA:

As provided by Article V, Section 28 of the Louisiana Constitution of 1974, the Clerk of Court serves as the ex-officio notary public, the recorder of conveyances, mortgages, and other acts, and other duties and powers provided by law. The Clerk of SCC is elected for a four-year term.

SCC is required to receive cash and property deposits according to Court order which will remain in SCC's custody until ordered by Court to disburse.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying statement of fiduciary net position of the Registry of Court Fund and Garnishment Funds on Deposit Fund maintained by the SCC has been prepared in conformity with accounting principles generally accepted in the United States of America 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.

Reporting Entity

The Clerk of the SCC is an independently elected official; however, the SCC is fiscally dependent on the Judicial Expense Fund for the Civil District Court. All collections by the SCC are transferred monthly to the Judicial Expense Fund for the Civil District Court. The Judicial Expense Fund for the Civil District Court maintains and operates the parish courthouse in which the Clerk's office is located and provides funds for operating expenses and equipment and furniture of the Clerk's office. Because the SCC is fiscally dependent on the Judicial Expense Fund for the Civil District Court, the Clerk was determined to be a component unit of the Judicial Expense Fund, the financial reporting entity.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Reporting Entity, Continued

The accompanying financial statements and supplementary information present information only on the Registry of Court Fund and Garnishment Funds on Deposit Fund maintained by the SCC and do not present information on the Judicial Expense Fund for the Civil District Court, the general government services provided by that governmental unit, or any other governmental unit(s) that comprise the financial reporting entity.

Fund Accounting, Measurement Focus, and Basis of Accounting

The SCC 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 segregation of transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the SCC are classified as fiduciary (agency) funds. These funds are described as follows:

Fiduciary Funds - Agency Funds

The Registry of Court Fund and Garnishment Funds on Deposit Fund account for assets held by the SCC 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.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Net Position

The SCC has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of the government's net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

Restricted and Unrestricted Resources

It is SCC's practice where applicable to first apply restricted resources when expenses are incurred for the restricted purpose.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 3 - CASH AND CASH EQUIVALENTS:

Cash and cash equivalents include amounts in interest-bearing demand deposits, and investments with original maturities of 90 days or less. Under state law, the SCC may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States of America or under the laws of the United States of America.

At December 31, 2019, the carrying amount of SCC's deposits were \$82,015 and the collected bank balance \$82,015 and \$1,738 on hand. A breakout of cash and cash equivalents and by fund follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Market Value</u>	<u>Interest Rate (%)</u>	
Interest bearing				
demand deposits	\$55,476	\$55,476	.05	
Pooled funds	<u>26,539</u>	<u>26,539</u>	1.69(*)	
	<u>\$82,015</u>	<u>\$82,015</u>		
			<u>Registry</u>	<u>Garnishment</u> <u>Total</u>
Louisiana Asset Management				
Pool Funds		\$ -0-	\$26,539	\$26,539
Interest bearing demand deposits		<u>36,083</u>	<u>19,393</u>	<u>55,476</u>
Total cash and cash				
equivalents		<u>\$36,083</u>	<u>\$45,932</u>	<u>\$82,015</u>

(*) Daily rate at December 31, 2019.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 3 - CASH AND CASH EQUIVALENTS, CONTINUED:

These interest bearing demand deposits and pool funds are stated at cost, which approximates market. Custodial credit risk, as it relates to cash deposits, is the risk that in the event of a bank failure, the government's deposits may not be returned. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The demand deposits were not exposed to custodial credit risk since interest bearing accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

In accordance with GASB Codification Section 150.165, the assets held in the Louisiana Asset Management Pool (LAMP), an external investment pool, are not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form.

The investment in the Louisiana Asset Management Pool (LAMP), an external investment pool, is stated at the value of the pool shares, which is the same as the fair value, and has been categorized as cash equivalents. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The Corporation is governed by a board of directors comprised of the State treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 3 - CASH AND CASH EQUIVALENTS, CONTINUED:

assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates.

The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 3 - CASH AND CASH EQUIVALENTS, CONTINUED:

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

1. Credit Risk: LAMP is rated AAAM by Standard and Poor's.
2. Custodial Credit Risk: LAMP participants' investment in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. SCC's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest Rate Risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement.
5. Foreign Currency Risk: Not applicable to 2a7-like pools.

LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 4 - FIDUCIARY FUNDS - AGENCY FUNDS:

Registry of Court Fund

All amounts collected by SCC are deposited in the Registry of Court Fund. Amounts collected on behalf of the Orleans Parish Judicial Expense Fund and the Garnishment Funds on Deposit Fund are transferred monthly and quarterly, respectively. The Registry of Court Fund, as provided by Louisiana Revised Statute 13:475, also accounts for funds that have been ordered by the court to be held until judgment has been rendered in court litigation. Withdrawal of these funds can be made only upon order of the court.

Garnishment Funds on Deposit Fund

The Garnishment Funds on Deposit Fund as provided by Louisiana Revised Statute 13:3927, provides that 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.

In October, 2004 excess monies in the Garnishment Funds on Deposit Fund bank account were transferred to the Louisiana Asset Management Pool ("LAMP") to yield higher benefits while maintaining liquidity. LAMP enables local officials to pool and collectively invest funds to benefit from competitive yields, lower fees and the same level of investment management otherwise available to large institutional investors. Said monies remained in the LAMP throughout 2019.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
NOTES TO THE FINANCIAL STATEMENT, CONTINUED**

NOTE 5 - INTEREST EARNINGS:

As authorized by Louisiana Revised Statute 13:2165, interest earnings on all monies collected by the SCC is to be used for capital expenditures of the SCC. Interest earnings are transferred annually to the Capital Improvement Fund for that purpose.

NOTE 6 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. At October 15, 2020 management of SCC continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives, guidelines and executive orders mandated by the Governor for the State of Louisiana and the Mayor of the City of New Orleans.

SUPPLEMENTARY INFORMATION

CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

REGISTRY OF
 COURT FUND

Additions

Court costs, charges and fees collected	\$424,198
Interest earnings	<u>18</u>
Total additions	<u>424,216</u>

Reductions

Fees, court costs, charges and interest earnings distributed to Judicial Expense Fund	415,071
Payments to Litigants upon court order	<u>7,054</u>
Total reductions	<u>422,125</u>
Net increase	2,091
Liabilities, beginning of year	<u>35,730</u>
Liabilities, end of year	<u>\$37,821</u>

See Independent Auditors' Report on Supplementary Information.

CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

GARNISHMENT FUNDS
ON DEPOSIT FUND

Additions

Interest earnings		\$ 598
Other		<u>1,620</u>
Total additions		<u>2,218</u>

Reductions

Total reductions		<u>-0-</u>
Net increase		2,218
Liabilities, beginning of year		<u>43,714</u>
Liabilities, end of year		<u>\$45,932</u>

See Independent Auditors' Report on Supplementary Information.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CLERK OF COURT
FOR THE YEAR ENDED DECEMBER 31, 2019**

Clerk of Court Name: Darren Lombard

<u>Purpose</u>	<u>Amount</u>
Salary	\$80,297
Benefits - insurance	6,789
Benefits - retirement	15,256
Other	<u>8,030</u>
Total	<u>\$110,372</u>

See Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' 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 Darren Lombard
Clerk of Court
Second City Court for the Parish of New Orleans
New Orleans, Louisiana

We 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 of America the financial statements of the Registry of Court Fund and Garnishment Funds on Deposit Fund with the **Clerk of the Second City Court for the Parish of Orleans (SCC)** and related notes to the financial statements as of and for the year ended December 31, 2019, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SCC's internal control over financial reporting 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 SCC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SCC's internal control over financial reporting.

INDEPENDENT AUDITORS' 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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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

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 SCC's financial statements will not be prevented, or detected and corrected, by SCC on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weaknesses, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SCC's financial statements are free of material misstatement, we 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 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*.

INDEPENDENT AUDITORS' 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

(CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCC's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCC's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 15, 2020

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSITS FUND
SUMMARY SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted: No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Not Applicable
- Significant deficiency (ies) identified? Not applicable

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 *the Uniform Guidance*? Not Applicable

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs: Not Applicable

Dollar threshold used to distinguish
between Type A and Type B programs: Not Applicable

Auditee qualified as low-risk auditee? Not Applicable

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section II - Financial Statement Finding and Response

No financial statement findings were reported for the year ended December 31, 2019.

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended December 31, 2019 as SCC received no federal awards.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section IV - Status of Prior Year's Finding and Response

Reference Number

2018-001

Criteria

Management is required to establish and maintain internal controls designed to reasonably ensure completeness in recorded financial transactions. Further, such a system should ensure the safeguarding of assets.

Condition

Considering the personnel size of SCC's operations, the elements of an effective segregation of duties are not practical and/or cost effective.

Context

Total collections and disbursements for the year ended December 31, 2018, were \$388,444 and \$400,377, respectively.

Effect or Potential Effect

The potential risk for misappropriation of assets.

Cause

Size of personnel coupled with the level of operations.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019**

Section IV - Status of Prior Year's Finding and Response, Continued

Reference Number, Continued

2018-001

Recommendation

Management should continue to evaluate and assess areas for segregation of duties in its custodial and recordation functions. Further, management should consider opportunities for the implementation of offsetting controls.

Current Status

Partially resolved.

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUND**

EXIT CONFERENCE

An exist conference and other meetings were held with representatives of **Clerk of Court Second City Court for the Parish of Orleans Registry of Court Fund and Garnishment Funds on Deposit Fund**. The contents of this report were discussed and management is in agreement. Those persons who participated in this and previous discussions are as follows:

**CLERK OF COURT
SECOND CITY COURT FOR THE PARISH OF ORLEANS
REGISTRY OF COURT FUND
AND
GARNISHMENT FUNDS ON DEPOSIT FUNDS**

Darren Lombard* -- Clerk of Court

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA -- Partner

*Darren Lombard is responsible for management's response included in this report.



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

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

To the Honorable Darren Lombard
Clerk of Court
Second City Court for the Parish of Orleans
New Orleans, Louisiana

Management of **Second City Court for the Parish of Orleans (SCC)** is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statement of **SCC** as of and for the year ended December 31, 2019, we considered **SCC's** internal control as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statement and not for the purpose of expressing an opinion on the effectiveness of **SCC's** internal control. Accordingly, we do not express an opinion on the effectiveness of **SCC's** internal control.

We previously reported on **SCC's** internal control in our report dated October 15, 2020. This letter does not affect our report dated October 15, 2020 on the financial statements of **SCC**.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters

2019

No other matters were reported for the current year ended December 31, 2019.

Prior Year's Other Matters

No prior year other matters were reported for the year ended December 31, 2019.

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

This report is intended solely for the information of management of SCC, and is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

October 15, 2020