

# SCHAFFER GROUP, LTD.

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT  
OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS**

**FINANCIAL STATEMENTS  
FOR THE REGISTRY OF COURT FUND AND  
GARNISHMENT DEPOSIT FUND  
FOR THE YEAR ENDED  
DECEMBER 31, 2010**

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

Release Date 7/27/11

**CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY COMPANY**

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
TABLE OF CONTENTS  
DECEMBER 31, 2010**

- I. Independent Auditors' Report

REQUIRED SUPPLEMENTARY INFORMATION

- II. Management's Discussion and Analysis

FINANCIAL STATEMENTS

- III. Registry of Court Fund – Statement of Fiduciary Net Assets  
IV. Garnishment Deposit Fund – Statement of Fiduciary Net Assets  
V. Notes to the Financial Statements

SUPPLEMENTARY INFORMATION

- VI. Registry of Court Fund - Statements of Changes in Fiduciary Liabilities  
VII. Garnishment Deposit Fund - Statements of Changes in Fiduciary Liabilities  
VIII. 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*  
IX. Schedule of Findings and Questioned Costs  
X. Management Letter  
XI. Schedule of Prior Year Findings  
XII. Management's Corrective Action Plan  
XIII. Governance Letter

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## INDEPENDENT AUDITORS' REPORT

Martin L. Broussard  
Clerk of Court  
Second City Court of the City of New Orleans

We have audited the accompanying statements of fiduciary net assets of the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court of the City of New Orleans, as of December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Clerk of the Second City Court of the City of New Orleans. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the activities of the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court and are not intended to, do not purport to, and do not present fairly the financial position and results of operations and changes in financial position of the Clerk of Court of the Second City Court of the City of New Orleans or of any other governmental unit.

In our opinion, the statements of fiduciary net assets referred to above present fairly, in all material respects, the respective financial position of the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court of the City of New Orleans, as of December 31, 2010, 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 June 17, 2011, on our consideration of Clerk of Second City Court's internal control over financial

CERTIFIED PUBLIC ACCOUNTANTS  
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reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis in Section II be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Statements of Changes in Fiduciary Liabilities of the Registry of Court Fund and the Garnishment Deposit Fund, as presented in Sections XI and XII, respectively, are presented for purposes of additional analysis and is not a required part of the financial statements. These Statements are the responsibility of the Clerk of 2<sup>nd</sup> City Court and were derived from and relate to the underlying accounting and other records used to prepare the financial statements. The information included in these Statements has been subjected to the auditing procedures applied in our audit of the 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 information included in the Statements is fairly stated in all material respects in relation to the financial statements as a whole.

Sincerely,

Schafer Group, LTD., LLC



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Kernion T. Schafer, CPA  
Managing Member

June 17, 2011

SCHAFER GROUP, LTD.  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY COMPANY

**SECOND CITY COURT OF THE CITY OF NEW ORLEANS  
MANAGEMENT DISCUSSION AND ANALYSIS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010**

This discussion and analysis of the Registry of Court Fund and Garnishment Deposit Fund of the Second City Court of the City of New Orleans provides an overview of the financial activities of the two above funds for the year ended December 31, 2010.

Financial Highlights

Both the Registry of Court Fund and Garnishment Deposit Fund are fiduciary (agency) funds maintained by the Clerk of the Second City Court of the City of New Orleans. 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. These funds are operated the same as they have in previous years. 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 and deposit requirements determined on a case by case basis by the Second City Court during the year.

Overview of the Financial Statements

The annual report consists of statements of fiduciary net assets of the two funds and a supplementary schedule of the changes in fiduciary liabilities on both the funds. It does not present information on the Orleans Parish Judicial Expense Fund nor does it provide a government wide perspective of the Second City Court of the City of New Orleans.

The statements of fiduciary net assets provide information only on each of the two funds controlled by the Clerk of Second City Court of the City of New Orleans and the supplementary information only provides information on each fund.

The Registry of Court Fund is used as a depository for all collections by the Clerk of Second City Court. Amounts collected for the Orleans Judicial Expense Fund and the Garnishment 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 cash balance in this fund as of December 31, 2010 was \$56,789, of which \$20,975 is due to the Judicial Expense Fund, \$3,000 is due to the Garnishment Deposit Fund, \$96 is due to the Capital Improvement Fund, \$3,647 are refunds payable, and \$29,071 is on deposit in unsettled litigation. The Fiduciary Liabilities at the beginning of the year totaled \$50,825 and at the end of the year totaled \$56,789, for a net increase in fiduciary liabilities of \$5,964.

## II.

The Garnishment 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 in answering any interrogatories. The cash balance in this fund as of December 31, 2010 was \$32,121 and the amount due from the Registry of Court Fund was \$3,000. \$161 is due to the Capital Improvement Fund and \$34,960 is on deposit and due in unsettled litigation. The fiduciary liabilities at the beginning of the year totaled \$33,807 and at the end of the year totaled \$35,121, for a net increase in fiduciary liabilities of \$1,314.

Interest earnings on monies deposited in these two funds are transferred annually to the Capital Improvement Fund for use by the City Court 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 fund financial statements.

This financial report is designed to provide a general overview of the operations of the Registry of Court Fund and the Garnishment Deposit Fund of the Clerk of Second City Court of the City of New Orleans 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 Mr. Martin Broussard, Clerk of Second City Court of the City of New Orleans, at 225 Morgan Street, New Orleans, LA 70114.

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND  
STATEMENTS OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2010**

**Assets**

Cash	<u>\$ 56,789</u>
Total Assets	<u>\$ 56,789</u>

**Liabilities**

Due to Judicial Expense Fund	\$ 20,975
Due to Garnishment Deposit Fund	3,000
Due to Capital Improvement Fund	96
Refunds Payable	3,647
Unsettled Deposits	<u>29,071</u>
Total Liabilities	<u>\$ 56,789</u>

The accompanying notes are an integral part of these statements.

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
GARNISHMENT DEPOSIT FUND  
STATEMENTS OF FIDUCIARY NET ASSETS  
DECEMBER 31, 2010**

**Assets**

Cash	\$ 32,121
Due from Registry of Court Fund	<u>3,000</u>
Total Assets	<u>\$ 35,121</u>

**Liabilities**

Due to Capital Improvement Fund	\$ 161
Unsettled Deposits	<u>34,960</u>
Total Liabilities	<u>\$ 35,121</u>

The accompanying notes are an integral part of these statements.

SCHAFER GROUP, LTD.  
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**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2010**

## INTRODUCTION

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 Court is elected for a four-year term.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. BASIS OF PRESENTATION

The accompanying statements of fiduciary net assets of the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of Second City Court of the City of New Orleans have been prepared in conformity with U. S. generally accepted accounting principles (GAAP) 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.

#### B. REPORTING ENTITY

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

The accompanying financial statements and supplementary information present information only on the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of Court of the Second City Court of the City of New 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 unit(s) that comprise the financial reporting entity.

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
Notes to the Financial Statements  
For the Years Ended December 31, 2010**

**C. FUND ACCOUNTING AND BASIS OF ACCOUNTING**

The Clerk of Court 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 of the Clerk of Court are classified as fiduciary (agency) funds. These funds are described as follows:

**Fiduciary Funds - Agency Funds**

The Registry of Court and Garnishment Deposit Funds account for assets held by the Clerk and Second City Court 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.

**D. CASH AND CASH EQUIVALENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, time deposits, and investments with original maturities of 90 days or less. Under state law, the Clerk of Court 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 or under the laws of the United States.

At December 31, 2010, the Registry of Court and Garnishment Deposit Funds had cash and cash equivalents as follows:

	<u>Registry</u>	<u>Garnishment</u>
Interest Bearing Demand Deposits	\$ 56,789	\$ 6,983
Louisiana Asset Management Pool Funds	-	25,138
Total Cash and Cash Equivalents	<u>\$ 56,789</u>	<u>\$ 32,121</u>

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2010**

These interest bearing demand deposits 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 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. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of 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. 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 regulator 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 credit risk, concentration of credit risk, interest risk, and foreign currency risk for all public entity investments.

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

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2010**

because they are not evidenced by securities that exist in physical or book-entry form. The public entity'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.

## **2. FIDUCIARY FUNDS - AGENCY FUNDS**

### **REGISTRY OF COURT FUND**

All amounts collected by the Clerk are deposited in the Registry of Court Fund. Amounts collected on behalf of the Orleans Parish Judicial Expense Fund and the Garnishment 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 DEPOSIT FUND**

The Garnishment Deposit 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.

In October, 2004 excess monies in the Garnishment 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 only to large institutional investors. Said monies remained in the LAMP throughout 2010.

**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND AND GARNISHMENT DEPOSIT FUND  
Notes to the Financial Statements  
For the Year Ended December 31, 2010**

**3. INTEREST EARNINGS**

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

**4. IMPLEMENTATION OF GASB STATEMENT 34**

As of the year ending December 31, 2003, the Clerk of Second City Court of the City of New Orleans implemented the requirements of GASB Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. This statement requires that management include a discussion and analysis as supplementary information to the basic financial statements. This has been included in Section II of the Financial Statements. The remainder of the Financial Statements is being prepared as in past years because they meet the requirements of GASB Statement 34 as it pertains to reporting on these two funds.

**5. SUBSEQUENT EVENTS**

The Clerk of Second City Court of the City of New Orleans evaluated subsequent events through June 17, 2011, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

SCHAFFER GROUP, LTD.  
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**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
REGISTRY OF COURT FUND  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES  
YEAR ENDED DECEMBER 31, 2010**

<b>Liabilities at Beginning of Year</b>	<b><u>\$ 50,825</u></b>
<b><u>Additions</u></b>	
Court Costs, Charges and Fees Collected	392,997
Less: Court Costs, Charges and Fees Refunded	(12,234)
Constable and Transcript Fees Collected	1,412
Garnishment Deposits	1,305
Interest Earnings	96
Collections on Behalf of Litigants or Upon Court Order	<u>13,101</u>
<b>Total Additions</b>	<b><u>396,677</u></b>
<b><u>Reductions</u></b>	
Fees, Court Costs, Charges and Interest	
Earnings Distributed to Judicial Expense Fund	378,880
Constable & Transcript Fees Paid	1,412
Garnishment Deposits distributed to the Garnishment Deposit Fund	-
Payments to Litigants or Per Court Order	8,582
Interest Earnings Distributed to Capital Improvement Fund	230
Other Reductions	<u>1,609</u>
<b>Total Reductions</b>	<b><u>390,713</u></b>
<b>Liabilities at End of Year</b>	<b><u>\$ 56,789</u></b>

See Independent Auditors' Report.

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**FUNDS ON DEPOSIT WITH THE  
CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
GARNISHMENT DEPOSIT FUND  
STATEMENT OF CHANGES IN FIDUCIARY LIABILITIES  
YEAR ENDED DECEMBER 31, 2010**

<b>Liabilities at Beginning of Year</b>	<b>\$ <u>33,807</u></b>
 <b><u>Additions</u></b>	
Garnishment Deposits	1,305
Interest Earnings	<u>66</u>
 Total Additions	 <u>1,371</u>
 <b><u>Reductions</u></b>	
Interest Earnings Distributed to the Capital Improvements Fund	57
Garnishment Deposit Distributions to Respondents and Refunds	-
Other Reductions	<u>-</u>
 Total Reductions	 <u>57</u>
 <b>Liabilities at End of Year</b>	 <b>\$ <u>35,121</u></b>

See Independent Auditors' Report.

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## **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 Martin Broussard, Clerk  
Second City Court for the Parish of Orleans

We have audited the statements of fiduciary net assets of the Registry Court Fund and Garnishment Deposit Fund (agency funds) maintained by the Clerk of Court of the Second City Court of the City of New Orleans as of December 31, 2010, and have issued our report thereon dated June 17, 2011. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerk of Second City Court's internal control over financial reporting of the aforementioned agency funds as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Clerk of Second City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk of Second City Court's internal control over financial reporting.

*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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or

material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

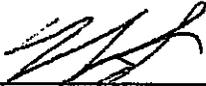
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the aforementioned agency funds maintained by the Clerk of Court of the Second City Court of the City of New Orleans'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 statements 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 would be required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Clerk of Court of the Second City Court of the City of New Orleans and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Schafer Group, LTD., LLC



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Kernion T. Schafer, CPA  
Managing Member

June 17, 2011

**CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

We have audited the basic financial statements of Registry of Court Fund and Garnishment Deposit fund maintained by the Clerk of the Second City Court of the City of New Orleans as of an for the year ended December 31, 2010, and have issued our report thereon dated June 17, 2011. 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. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

b. Federal Awards  Not Applicable

Internal Control

Material Weaknesses  Yes  No Significant Deficiencies  Yes  No

Type of Opinion On Compliance for Major Programs

Unqualified  Qualified  Disclaimer  Adverse

Are there findings required to be reported in accordance with Circular A-133, Section .510(a)?

Yes  No

Was a management letter issued?  Yes  No

**Section II – Financial Statement Findings**

No Section II Findings.

**Section III – Federal Award Findings and Questioned Costs**

No Section III Findings.

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Honorable Martin L. Broussard, Clerk

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## MANAGEMENT LETTER

We have audited the Statements of fiduciary net assets of the Registry of Court Fund and Garnishment Deposit Fund (agency funds) maintained by the Clerk of Court of the Second City Court of the City of New Orleans as of December 31, 2010, and have issued our report thereon dated June 17, 2011. 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.

As a part of our examination, we have issued our report on the statements of fiduciary net assets, dated June 17, 2011, and our report on internal control and compliance with laws, regulations, contracts and grant agreements, dated June 17, 2011.

During the course of our examination, we became aware of the following matter, which represents immaterial deviations of compliance or suggestions for improved internal controls.

### Suggestion 2010-1:

We noted that there were outstanding checks from the Registry of Court Fund and Garnishment Deposit Fund as of December 31, 2010 that were over one year old. We recommend that you or someone from your office inquire of the persons or companies to whom the checks were written if they have any knowledge of the checks and why they have not been deposited. If these checks cannot be traced by the persons or companies to whom they were issued, the checks should be voided, a stop payment issued by the bank if needed, and new checks reissued.

### Suggestion 2010-2

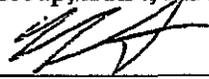
We noted that the 2008, 2009, and 2010 collections of Garnishment funds by the Registry of Court Fund had not been transferred to the Garnishment Deposit Fund. We suggest that these funds be transferred by the Registry of Court Fund to the Garnishment Deposit Fund.

### Suggestion 2010-3

For the Registry of Court Fund, we noted that the 2009 and 2010 deposits exceeded the 2009 and 2010 collections log (i.e. Cashier's Daily Report). The source of all the excess funds is unknown. We suggest that the source of the funds be determined and payment made. We also suggest a ledger of all payments received in excess of rules filed be maintained showing the refund due as well as the subsequent payment.

We recommend management address the foregoing issues as an improvement to operations and the administration of public programs. We are available to further explain the suggestion or help implement the recommendation.

Sincerely,  
Schafer Group, LTD., LLC



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Kernion T. Schafer, CPA  
Managing Member

**CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION I  
INTERNAL CONTROL AND COMPLIANCE MATERIAL  
TO THE FINANCIAL STATEMENTS**

No findings reported.

**SECTION II  
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Not applicable.

**SECTION III  
MANAGEMENT LETTER**

2009-1: Outstanding Checks

We noted that the outstanding checks from the Registry of Court Fund and Garnishment Deposit Fund that were over one year old as of December 31, 2009 were still outstanding. We suggest that you or someone from your office inquire of the persons or companies to whom the checks were written if they have any knowledge of the checks and why they have not been deposited. If these checks cannot be traced by the persons or companies to whom they were issued, the checks should be voided, a stop payment issued by the bank if needed, and new checks reissued.

*Current Year Status:* These checks were outstanding at December 31, 2010. Suggestion repeated for year ended December 31, 2010. See Suggestion 2010-1.

2009-2: Due to Garnishment Deposit Fund

We noted that the 2008 and 2009 collections of the Garnishment funds by the Registry of Court Fund that exceeded the amount transferred to the Garnishment Deposit Fund in 2008 and 2009 were not transferred to the Garnishment Deposit Fund. We suggest that these funds be transferred by the Registry of Court Fund to the Garnishment Deposit Fund.

*Current Year Status:* These collections had not been transferred to the Garnishment Deposit Fund by December 31, 2010. Suggestion repeated for year ended December 31, 2010. See Suggestion 2010-2.

**THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.**  
SCHAFFER GROUP, LTD.  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY COMPANY

**CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION III  
MANAGEMENT LETTER  
(Continued)**

2009-3: Refunds Payable

For the Registry of Court Fund, we noted that the May 2009 deposits exceeded the April 2009 collections log (i.e. Cashier's Daily Report), and no subsequent refund of overpayment was made. The source of the excess funds is unknown. We suggest that the source of the funds be determined and payment made. We also suggest a ledger of all payment received in excess of rules filed be maintained showing the refund due as well as the subsequent payment.

*Current Year Status:* A refund of these excess funds was not made during the year ended December 31, 2010. Suggestion repeated for year ended December 31, 2010. See Suggestion 2010-3.

**THIS SCHEDULE HAS BEEN PREPARED BY MANAGEMENT.**

SCHAFFER GROUP, LTD.  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY COMPANY

**CLERK OF COURT OF THE SECOND CITY COURT  
OF THE CITY OF NEW ORLEANS  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**SECTION I  
INTERNAL CONTROL AND COMPLIANCE MATERIAL  
TO THE FINANCIAL STATEMENTS**

No findings reported.

**SECTION II  
INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

Not applicable.

**SECTION III  
MANAGEMENT LETTER**

Suggestion 2010-1 and 2009-1

Management stated that they will investigate the outstanding checks over one year old, void the checks that need to be voided and issue new checks if necessary.

Suggestion 2010-2 and 2009-2

Management stated that they transferred the overage from the Registry of Court Fund back to the Garnishment Deposit Fund in June 2011.

Suggestion 2010-3

Management stated they will determine the source of the funds and make the necessary payment. Management stated they will create a ledger to record refunds due.

# SCHAFFER GROUP, LTD.

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June 17, 2011

Martin L. Broussard  
Clerk of Court  
Second City Court of the City of New Orleans

We have audited the financial statements of the Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court of the City of New Orleans for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 8, 2011. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court of the City of New Orleans are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of Significant Accounting Policies in Note 1 to the financial statements.

The disclosure of Fiduciary and Agency Funds in Note 2 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

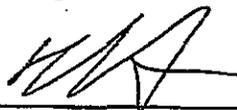
Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Clerk of Second City Court and the Judicial Expense Fund of the Orleans parish Civil District Court and management of Registry of Court Fund and Garnishment Deposit Fund maintained by the Clerk of the Second City Court of the City of New Orleans and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Schafer Group, LTD., LLC



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Kernion T. Schafer, CPA  
Managing Member

SCHAFFER GROUP, LTD.  
CERTIFIED PUBLIC ACCOUNTANTS  
A LIMITED LIABILITY COMPANY