

**SEABROOK NEIGHBORHOOD
IMPROVEMENT AND SECURITY DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**



TABLE OF CONTENTS

PAGE

INDEPENDENT ACCOUNTANT’S REVIEW REPORT.....	1
BALANCE SHEET MODIFIED ACCRUAL BASIS AS OF DECEMBER 31, 2020	3
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (MODIFIED ACCRUAL BASIS) FOR THE YEAR ENDED DECEMBER 31, 2020.....	4
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE (MODIFIED ACCRUAL BASIS) – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2020	5
NOTES TO THE FINANCIAL STATEMENTS	6
SCHEDULE OF AGENCY HEAD COMPENSATION FOR THE YEAR ENDED DECEMBER 31, 2020.....	10
SCHEDULE OF FINDINGS AND QUESTIONED COSTS.....	11
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS.....	13



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors

SEABROOK NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT

New Orleans, Louisiana

I have reviewed the accompanying financial statements of Seabrook Neighborhood Improvement and Security District (the Security District), which comprise the Balance Sheet as of December 31, 2020, and the related statement of Revenues, Expenditures and changes in Fund Balance for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility 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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in Government Auditing Standards, issued by the United States Comptroller General. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of The Security District and to meet my other ethical responsibilities in accordance with the relevant ethical requirements related to my review.

Supplementary Information

The accompanying schedule of Revenues, Expenses and changes in fund balance – Budget and Actual, and the Schedule of Agency head compensation is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Basis for Adverse Conclusion

As disclosed in Note 7 to these financial statements, the Security District's financials do not fairly state the parcel fee revenue for the year ended. Additionally, the District and its fiduciary agent are not able to come to an agreement about the number of parcels located in the Security District, and the associated parcel fees and the as of December 31, 2020 the date of the financials. Furthermore, based on the inability to agree to the fiduciary agent's financial figures, management is unable to attest to the management representations. Had the total parcel fee income been included, other elements in the accompanying financial statements would have been materially affected. The effects on the financial statements of the failure to include the total parcel fee income have not been determined.

Adverse Conclusion

Based my review, due to the significance of the matter described in the Basis for Adverse Conclusion paragraph, the financial statements are not in accordance with accounting principles generally accepted in the United States of America.



VGR, CPA New Orleans

New Orleans, Louisiana

July 22, 2023

SEABROOK NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
 BALANCE SHEET - MODIFIED ACCRUAL BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	2020
ASSETS	
Assets	
Cash	\$123,508
Parcel fees recievable	22,332
Total Assets	\$145,840
 LIABILITIES AND NET ASSETS	
Liabilities	
Accounts Payable and Accrued Expenses	\$15,120
Total Liabilities	15,120
Fund Balance	
Fund Balance - unassigned	130,720
Total Liabilities and Net Assets	\$145,840

See independent accountant's review report

SEABROOK NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED ACCRUAL BASIS
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

	<u>Total</u>
Parcel fees (net of collection fees)	\$ 200,100
Other income	155
Interest Income	147
Total Income	\$ 200,402

EXPENDITURES

Patrol and security expenses	174,868
Administration and accounting	11,891
Beautification	3,483
Overall betterment	<u>2,650</u>
Total Expenses	192,892
Change in net assets	7,510
Net assets, beginning of year	123,210
Net assets, end of year	130,720

See independent accountant's review report

SEABROOK NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE (MODIFIED ACCRUAL BASIS) - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>REVENUES</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Parcel fees (net of collection fees)	\$ 200,000	\$ 200,100	\$ 100
Other income	129,439	155	(129,284)
Interest Income	<u>\$ 168</u>	<u>\$ 147</u>	<u>\$ (21)</u>
Total Income	\$ 329,607	\$ 200,402	\$ (129,205)
 <u>EXPENDITURES</u>			
Patrol and security expenses	286,758	174,868	(111,890)
Administration and accounting	15,647	11,891	(3,756)
Beautification	3,800	3,483	(317)
Overall betterment	<u>18,458</u>	<u>2,650</u>	<u>(15,808)</u>
Total Expenses	324,663	192,892	(131,771)
 Change in net assets	 4,944	 7,510	 2,566
Net assets, beginning of year	123,210	123,210	-
Net assets, end of year	128,154	123,508	(4,646)

See independent accountant's review report

**SEABROOK NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION:

Seabrook Neighborhood Improvement and Security District (the District) was created as a public body by the Louisiana Legislature, 2010, Act No. 230, La. R.S. 33:9091.16, for the primary object and purpose of promoting and encouraging the beautification, security, and overall betterment of the area included within the District.

The boundaries of the District are areas within the following perimeter: Fillmore Avenue, Leon C. Simon Boulevard, St. Roch Avenue, and Peoples Avenue.

The District services all parcels located in the geographic area it serves. The District has no paid employees and contracts with an external security company for patrolling. The Board of Commissioners consists of five (5) appointed members who are residents within the District. Board members are not compensated.

The governing authority of the City of New Orleans is authorized to impose and collect a parcel fee within the District. The amount of the fee is determined by an adopted resolution of the Board of Commissioners of the District. The fee, however, cannot exceed two hundred dollars per parcel per year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Accounting

Reporting Entity

For reporting purposes, the District is a stand-alone entity as defined by Governmental Accounting Standards Board (GASB) Codification 2600 *Reporting Entity and Component Unit Presentation and Disclosure*. The District is neither fiscally dependent on any other local government, nor does it provide specific financial benefits to or impose specific financial burdens on any other government. No other potential component units meet the criteria for inclusion in the financial statements of the District.

Basis of Presentation - Fund Accounting

The proprietary fund is used to account for the District's ongoing operations and activities, which are similar to those in the private sector. Proprietary funds are accounted for using a flow of economic resource measurement.

**SEABROOK NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:
Principles of Accounting (continued)

focus under which all assets and all liabilities associated with the operation of these funds are included in the balance sheet. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position.

Basis of Accounting

The District's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All revenue items are recorded when the amount of the parcel fees to be received are measurable. Expenditures are recorded when a liability is incurred.

Basis of Reporting

The District has adopted GASB Codifications, which established standards for external financial reporting for all state and local governmental entities. GASB Codifications require the classification of net position into three components - net investment in capital assets; restricted; and unrestricted.

These classifications are defined as follows:

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted

This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

**SEABROOK NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:
Net Investment in Capital Assets

Unrestricted

This component of net position consists of net position amounts that do not meet the definition of "net investment in capital assets" or "restricted".

Use of Estimates

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget. Budgeted amounts for the proprietary fund included in the accompanying statements are as originally adopted by the District for the year ended December 31, 2020.

NOTE 4 - CASH AND CASH EQUIVALENTS:

The District's deposits held in financial institutions are insured up to \$250,000 by the Federal Deposit Insurance Corporation. As of December 31, 2020, the District had no uninsured deposits. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

NOTE 5 - PARCEL FEES RECEIVABLE:

The District has a fiduciary relationship with the City of New Orleans, who assesses and collects parcel fees on behalf of The District. As of December 31, 2020 the total Parcel fees receivable totaled \$22,332.

**SEABROOK NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

As of December 31, 2020 the total vendor fees payable totaled \$15,120.

NOTE 7 - PARCEL FEE INCOME:

The District is in a fiduciary relationship with the City of New Orleans where as the City assesses and collects parcel fees for the District. Management of the District contends that it has been unable to assess accurate information from the City and is also disputing: the total parcels included in the District, the total parcel fees collected for the district and the amount remitted to the District.

NOTE 8 - SUBSEQUENT EVENTS:

FASB Accounting Standards Codifications Topic 855-10, "Subsequent Events" requires the disclosure of the date through which **The District** has evaluated subsequent events and the reason for selecting that date. **The District** evaluated subsequent events from January 1, 2021 to July 22, 2023, the date the financial statements were available to be issued.

SEABROOK NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
AGENCY HEAD COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name:	Leonard McCullum	
<u>Purpose</u>		<u>Amount</u>
Salary		-
Benefits - insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by organization		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference Travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-

Act 706 of the 2014 Legislative Session requires the disclosure of the total compensation, reimbursement, benefits, and other payments made to the agency head, political subdivision head or Chief executive officer, related to the position; including but not limited to travel housing, unvouchered expenses (such as travel advances) oer diem, and registration fees.

See the Independent Auditor's Report on Supplementary Information

**SEABROOK NEIGHBORHOOD
IMPROVEMENT AND SECURITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020, CONTINUED**

SCHEDULE I - Financial Statement Findings, Continued

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2020-001 - Untimely Submission of Review Report

Criteria

Pursuant to the requirement of Louisiana Statute R.S. 24:513 a. (5)(a)(i), annual financial reports shall be completed within six (6) months of the close of an entity's fiscal year. If the due date falls on a Saturday, Sunday or federal holiday, the reporting package is due the next business day.

Conditions and Perspective

The December 31, 2020 review report was not submitted within the prescribed time frames.

Cause

Management failed to ensure that the review report was issued within prescribed timeliness.

Effect

The District has not complied with the reporting requirement of the State of Louisiana

**SEABROOK NEIGHBORHOOD
IMPROVEMENT AND SECURITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020, CONTINUED**

SCHEDULE I - Financial Statement Findings, Continued

INTERNAL CONTROL OVER FINANCIAL REPORTING, CONTINUED:

Audit Finding Reference Number

2020-001 - Untimely Submission of Audit Report, continued:

Recommendation

I recommend that the management of **the District** take steps to ensure that the financial reports are submitted within the prescribed state and Federal deadlines.

Management's Response

Seabrook Neighborhood Improvement and Security District (management) and the CPA (accountant) requested an inquiry from the City of New Orleans Treasury Department (those charged with governance) who bills, collects and distributes an average of two hundred thousand dollars per year. On June 26, 2023, by way of email, an inquiry was sent to the City to provide a financial statement on 213 taxpayers that were added back to the January to August FY 2020 SEAB 10 SAL financial report, an estimated revenue of 15,000 to 20,000 thousand dollars, the City respond to Accountant was very vague and without any supporting evidence.

The City stated, the SEAB10 SAL financial statement were not billed during the 2020 original billing in January but were adjusted approximately Mid- September of that year. Managers and Accountant didn't receive a financial statement with such adjustments.

The City failed to provide adequate disclosures of relevant financial information, Management has requested the Accountant to perform addition inquires from the City, so he may state a fair presentation on his conclusion, according to the subject matter. Accountant has refused to initial another inquiry.

Management and Accountant must compel the City (those charged with governance) to account for all of the taxpayer fees that they are overseeing through their financial reporting process, in order for the accountability to be in order. As a result, this will improve accountability and reporting requirements. Refer to AR-C 90.19-29

Finally, Management can not account for all taxpayers fees, collected and billed without the City compliance with State Law and regulations. Management has provided all financial information to the Accountant for FY 2020 except what the City has in it's possession.

**SEABROOK NEIGHBORHOOD
IMPROVEMENT AND SECURITY DISTRICT
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

SCHEDULE II – Prior Years Financial Statement Findings

THERE WERE NO PRIOR YEAR FINDINGS