

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**

**FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2021

Sean M. Bruno

Certified Public Accountants, LLC

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Sean M. Bruno
Certified Public Accountants, LLC

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
**Eastover Neighborhood Improvement
and Security District**
New Orleans, Louisiana

Report on the Audit of Financial Statements

Opinion

I have audited the accompanying financial statements of the governmental activities, and the major fund of the **Eastover Neighborhood Improvement and Security District, (the District)**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise **the District's** basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of **the District** as of December 31, 2021, and all respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Governmental Accounting Standards*, issued by the Comptroller General of the United States. Our responsibilities under those accounting standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of **the District** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **the District's** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted standards and *Governmental Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the District's** internal control. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements, continued

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about **the District's** ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 a appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprises **the District's** basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was 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

INDEPENDENT AUDITOR'S REPORT

(CONTINUED)

Supplementary Information, continued

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2022, on my consideration of **the District's** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the District'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 **the District's** internal control over financial reporting and compliance.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

June 20, 2022

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The **Eastover Neighborhood Improvement and Security District (the District)** Management's Discussion and Analysis (MD&A) for **the District** is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of **the District's** financial activities;
- identify changes in **the District's** financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide financial results for the fiscal year ended December 31, 2021.

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of **the District's** financial activities. **The District's** general-purpose financial statements consist of the following components: **the District's** statement of net position, statement of activities and cash flows and the notes to financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis introduces **the District's** basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. **The District** also includes in this report additional supplemental information.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2021

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The **District's** includes two government wide financial statements. These statements provide both long-term and short-term information about **the District's** overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Position. This is the government-wide statement of position presenting information that includes all of **the District's** assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of **the District** as a whole is improving or deteriorating.

The second government-wide statement is the Statement of Activities, which reports how **the District's** net position changed during the current fiscal year. All current revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 11 and 12 of this report.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. **The District** uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on **the District's** most significant funds rather than **the District** as a whole.

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of **the District's** governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2021**

FUND FINANCIAL STATEMENTS, CONTINUED

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 11 through 17 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning **the District's** budgetary comparison schedule for the general fund. Required supplemental information begin on page 25 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Summary of 2021 Assets

The District's total assets for 2021 totaled \$220,380 which consists of remaining cash of \$165,526, receivables due from resident assessments of \$49,580, and fixed assets of \$5,274. Total assets of **the District** increased by \$58,652.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2021

Summary of 2021 Revenues

For the year ended December 31, 2021, **the District** earned \$535,033 in revenues. This amount included \$535,029 from assessment and fees. The total revenues decreased by \$48.

Summary of 2021 Expenses

The District has the clear objective of providing security, beautification, community awareness, community gatherings and other community activities. Expenditures for the year ended December 31, 2021 totaled \$499,795 which was an increase of \$82,451. The increase in expenditures is primarily the result of an increase in security and maintenance expense.

RESULTS OF OPERATIONS

Operating capital for 2021 was received from assessments on property owners of **the District** as defined by Act 323 by the Louisiana Legislature. Each developed parcel owner is assessed a \$1,652 fee per year which is collected by the City of New Orleans and remitted to **the District**. The City of New Orleans charges a 1% collection fee, which is deducted prior to remittance. **The District** also earns interest income on funds on deposit.

The District utilizes the assessments to maintain and provide landscaping to the community, providing for personnel to monitor the front gate entrance to the subdivision, and to provide for all other administrative functions. Surpluses from operations are retained by **the District** for future use within the subdivision.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2021

SUMMARY OF NET POSITON
AS OF DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ <u>220,380</u>	\$ <u>161,728</u>
Total assets	<u>220,380</u>	<u>161,728</u>
Current liabilities	<u>23,414</u>	<u>-0-</u>
Total liabilities	<u>23,414</u>	<u>-0-</u>
Net position:		
Restricted	<u>196,966</u>	<u>161,728</u>
Total net position	\$ <u>196,966</u>	\$ <u>161,728</u>

All of the **District's** net position is restricted for neighborhood improvements and security within the **District**.

CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Assessment and fees	\$ 535,029	\$ 530,681
Interest	4	7
Miscellaneous	<u>-0-</u>	<u>4,393</u>
Total revenues	<u>535,033</u>	<u>535,081</u>
Expenses:		
Neighborhood improvement and security	<u>499,795</u>	<u>417,344</u>
Total expenses	<u>499,795</u>	<u>417,344</u>
(Decrease) increase in net position	\$ <u>35,238</u>	\$ <u>117,737</u>

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2021

BUDGET VS. ACTUAL

The District adopts an annual operating budget including proposed expenditures and anticipated parcel fee collections.

The District's actual revenues of \$535,033 were more than the budget of \$486,606 by \$48,427 a variance of approximately 9.1%. The District's actual expenditures of \$499,795 were more than the budget of \$485,685 by \$14,110 a variance of approximately 2.9%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board expects to collect more of the parcel fees in 2022 and expects expenses to remain constant, as such 2022 revenues will be budgeted at the amount expected to be collected and expenditures will be consistent with amounts budgeted in 2021.

The Board of Commissioners of the District has strictly adhered to all Louisiana Ethics Laws and Parliamentary Procedures during 2021 when conducting the District's business.

**CONTACTING EASTOVER NEIGHBORHOOD IMPROVEMENT AND
SECURITY DISTRICT**

This financial report is designed to provide management, the City of New Orleans and the State of Louisiana, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Mr. Mark Moody of the Eastover Neighborhood Improvement and Security District at (504) 245-5074.

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 165,526
Accounts Receivable, net of Allowance of \$1,043,294 (NOTE 6)	49,580
Fixed Assets, net of Accumulated Depreciation of \$8,191 (NOTE 5)	<u>5,274</u>
TOTAL ASSETS	<u>\$ 220,380</u>
 <u>LIABILITIES AND NET POSITION</u>	
Accounts Payable	<u>23,414</u>
Total Liabilities	<u>23,414</u>
Net Position Restricted for Improvement and Security	<u>\$ 196,966</u>
TOTAL NET POSITION	<u>196,966</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 220,380</u>

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for Services</u>	<u>Net</u> <u>(Expense)</u> <u>Revenues and</u> <u>Charges for</u> <u>Net Position</u>
<u>Governmental activities:</u>			
Neighborhood improvement and security	\$ <u>499,795</u>	\$ <u>535,029</u>	\$ 35,234
		General revenues:	
		Interest income	<u>4</u>
		Total general revenue	<u>4</u>
		Change in net position	35,238
		Net position - beginning of year	<u>161,728</u>
		Net position - end of year	<u>\$ 196,966</u>

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
BALANCE SHEET, GOVERNMENTAL FUND
DECEMBER 31, 2021

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 165,526
Accounts Receivable, net of Allowance of \$1,043,294 (NOTE 6)	49,580
Fixed Assets, net of Accumulated Depreciation of \$8,191 (NOTE 5)	<u>5,274</u>
TOTAL ASSETS	<u>\$ 220,380</u>

LIABILITIES AND FUND BALANCE

Accounts Payable	<u>23,414</u>
Total Liabilities	<u>23,414</u>
Fund Balance	<u>\$ 196,966</u>
TOTAL FUND BALANCE	<u>196,966</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 220,380</u>

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

Fund balance - governmental fund \$ 196,966

Amounts reported for governmental activities in the Statement of Net
Position are different because:

There are no differences.

Net position of governmental activities \$ 196,966

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>
<u>REVENUES</u>	
Assessment and fees	\$ 535,029
Interest income	<u>4</u>
Total revenues	<u>535,033</u>
 <u>EXPENDITURES</u>	
Payroll expense	12,735
Management fee	51,258
Security	206,791
Maintenance	164,806
Utilities	25,824
Professional services	23,500
Insurance	1,164
Bank fees	261
Supplies expense	1,072
City processing fee	4,629
Telephone	2,911
Community activities	968
Software/website	2,200
Postage	330
Depreciation	<u>1,346</u>
Total expenditures	<u>499,795</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 35,238
 Fund Balance - Beginning of year	 <u>161,728</u>
 Fund Balance - End of year	 <u>\$ 196,966</u>

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

**EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Net change in fund balance - governmental fund	\$ 35,238
Amounts reported for governmental activities in the Statement of Activities are different because:	
There are no differences.	<u>-</u>
Change in net position of governmental activities	<u>\$ 35,238</u>

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF CASH FLOWS - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in fund balance	\$ 35,238
Adjustments to reconcile change in fund balance to net cash used in operating activities:	
Depreciation	1,346
Decrease in accounts receivables	2,358
Increase in accounts payable	<u>23,414</u>
Net cash provided from operating activities	<u>62,356</u>
Net change in cash and cash equivalents	62,356
Cash and cash equivalents - Beginning of year	<u>103,170</u>
Cash and cash equivalents - End of year	<u><u>\$ 165,526</u></u>

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

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

NOTE 1 - ORGANIZATION:

Eastover Neighborhood Improvement District (the District) was created as an improvement district of the State of Louisiana, pursuant to House Bill No. 323 of the 2013 Regular session of the Louisiana State Legislature. Whereas, an election was held on November 16, 2013, at which a majority of the voters of **the District** who voted on the issue, voted to impose a parcel fee on an annual basis, not to exceed the maximum fee allowed. The board set the fee to be collected at \$1,652. House Bill No. 323 authorized the New Orleans City Council to levy and collect the fee on each parcel of ground located within **the District**, which comprises the Eastover subdivision. The fees are to be collected by the City of New Orleans. The board has earmarked the fee to be utilized to support the activities of **the District**, to include but not be limited to security, beautification, community awareness, community gatherings, and any other community activities deemed appropriate by the board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis Presentation

The accompanying general-purpose financial statements of **the District** have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

Basic Financial Statements – Government-Wide Statements

The District uses the government-wide (reporting Eastover as a whole) financial statements. The government-wide financial statements categorize primary activities as either governmental or business type. There were no activities of **the District** categorized as a business type activity.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basic Financial Statements, Continued

The government-wide revenues, expenditures and changes in net position report both the gross and net cost of **the District's** function. The revenues, expenditures and changes in net position reduce gross expenditures by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. The net costs, by function, are normally covered by general revenue, interest and investment earnings, etc. **The District** does not allocate indirect costs.

The government-wide focus is more on the sustainability of **the District** as an entity and the change in **the District's** net assets resulting from the current year's activities.

Measurement Focus, Basis of Accounting,
and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessment fees are recognized as revenues in the year for which they are levied.

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

The District reports the general fund only. The general fund is the entity's primary operating fund. It accounts for all financial resources of the entity.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Equity Classifications

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Invested in capital, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any debt that is attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of assets that are restricted by **the District's** creditors, by the state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net position – consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “restricted” or “invested in capital assets”, net of related debt.

Governmental fund equity is classified as fund balance. In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of state, local or federal awards or externally imposed conditions by grantors or creditors.
- c. Committed – amounts that can be used for specific purposes determined by formal action by an ordinance of resolution.
- d. Assigned – amounts that are designated by the formal action of the government's highest level of decision making authority.
- e. Unassigned – amounts not be included in other classifications.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Reconciliations of Government-Wide and Fund Financial Statements

There are no differences between the government-wide and fund financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

Fixed Assets

Fixed assets that exceed \$1,000 are recorded at cost (or fair market value for donated assets) and are depreciated using the straight-line method over the estimated useful lives of the related assets, which vary from five to ten years.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budget

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 General Fund included in the accompanying statements are as originally adopted by **the District** for the year 2021.

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

NOTE 4 - CASH AND CASH EQUIVALENTS:

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by **the District** or its agent, in **the District's** name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the **District's** name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in **the District's** name, and deposits which are uninsured or uncollateralized.

The District maintains cash accounts at local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. **The District** has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash. **The District's** cash is insured within the FDIC limits.

NOTE 5 - FIXED ASSETS:

Changes in the net book value of equipment costs during the year ended December 31, 2021 were as follows:

<u>Description</u>	<u>Balance January 1, 2021</u>	<u>Additions/ (Deletions)</u>	<u>Balance December 31, 2021</u>
Equipment	\$ 13,465	\$ -0-	\$ 13,465
Accumulated Depreciation	<u>(6,845)</u>	<u>(1,346)</u>	<u>(8,191)</u>
Total	<u>\$ 6,620</u>	<u>\$(1,346)</u>	<u>\$ 5,274</u>

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

NOTE 6 - RECEIVABLES:

The **District** assessed an annual parcel fee of \$1,652 to be collected from the **District's** homeowners. The fees are collected by the City of New Orleans and remitted to the **District** on a monthly basis. A receivable is recorded for those fees collected subsequent to year end as well as for an estimate of fees expected to be collected by the end of the year. The total amount of fees outstanding at December 31, 2021 totaled \$49,580.

NOTE 7 - LITIGATION AND CLAIMS:

At December 31, 2021, the **District** was not involved in litigation or aware of any unasserted claims.

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS:

The GASB has issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments." The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles.

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

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED:

The GASB has issued Statement No. 77. "Tax Abatement Disclosures." The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users.

NOTE 9 - SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 20, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. Although it is unknown how long these conditions will last and what the complete financial consequences will be, to date, the Organization has not experienced an adverse financial impact due to the coronavirus outbreak. It is not likely that the financial statements will be affected by declining revenue in the 2022 fiscal year.

SUPPLEMENTARY INFORMATION

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	GENERAL FUND			
	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Assessment and fees	\$ 485,000	\$ 486,000	\$ 535,029	\$ 49,029
Interest income	606	606	4	(602)
Total revenues	485,606	486,606	535,033	48,427
EXPENDITURES				
Management fee	110,000	55,365	51,258	4,107
Security	204,500	204,500	206,791	(2,291)
Maintenance	111,000	112,500	164,806	(52,306)
Professional services	16,000	16,000	23,500	(7,500)
Utilities	25,000	26,000	25,824	176
Insurance	-	7,500	1,164	6,336
Supplies expense	2,000	3,500	1,072	2,428
Office expense	-	-	-	-
City processing fee	-	4,860	4,629	231
Software/website	-	1,960	2,200	(240)
Telephone	2,450	3,500	2,911	589
Other	200	300	-	300
Community activities	-	4,200	968	3,232
Postage	333	500	330	170
Payroll	-	33,000	12,735	20,265
Contingency	-	2,000	-	2,000
Bank fees	-	-	261	(261)
Depreciation	-	-	1,346	(1,346)
Legal services	10,000	10,000	-	10,000
Total expenditures	\$ 481,483	\$ 485,685	499,795	\$ (14,110)
(DEFICIT) OF REVENUES OVER EXPENDITURES	\$ 4,123	\$ 921	35,238	
Fund Balance- Beginning of year			161,728	
Fund Balance - End of year			\$ 196,966	

(See Independent Auditors' Report)

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Board members served without compensation.

(See Independent Auditors' Report)

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR
CHIEF EXECUTIVE OFFICER (STATEMENT C)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Agency Head Name/Title: Mark Moody, Chairman of the Commissioners

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	435
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	-

(See Independent Auditors' Report)

Sean M. Bruno
Certified Public Accountants, LLC

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

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

To the Board of Commissioners
**Eastover Neighborhood Improvement
and Security District**
New Orleans, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of **Eastover Neighborhood Improvement and Security District (the District)**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise **the District's** basic financial statements, and have issued my report thereon dated June 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **the District's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the District's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the District's** internal control.

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

(CONTINUED)

Report on Internal Control Over Financial Reporting, Continued

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the District's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

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

(CONTINUED)

Purpose of this Report

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



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

June 20, 2022

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion of the financial statements of **Eastover Neighborhood Improvement and Security District**.
2. No significant deficiencies during the audit were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instance of noncompliance during the audit were reported in the 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*.
4. No management letter was issued for the year ended December 31, 2021.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

**EASTOVER NEIGHBORHOOD
IMPROVEMENT AND SECURITY DISTRICT**

Statewide Agreed-Upon Procedures (R.S. 24:513)
Report

FOR THE YEAR ENDED
DECEMBER 31, 2021

Sean M. Bruno
Certified Public Accountants, LLC

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Certified Public Accountants, LLC

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Society of Louisiana
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
Eastover Neighborhood Improvement and Security District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021, through December 31, 2021. **Eastover Neighborhood Improvement and Security District (the District's)** management is responsible for those C/C areas identified in the SAUPs.

Eastover Neighborhood Improvement and Security District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021, through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethic**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates and (6) identification of personnel, processes and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

Results of Procedures: The District has written policy and procedures addressing disbursements, receipts/collections, payroll/personnel, ethics and sexual harassment. No written policies address credit cards, travel and expense reimbursement or debt service as the District has no credit cards, travel reimbursements or debt. The budgeting procedures do not include amending the budget, there are no written purchasing procedures (although the Board approves all major District purchases and vendors before any purchase authorization is made). The contracting procedures do not include standard terms and conditions or legal review and there are no written procedures for information technology disaster recovery/business continuity.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to actual, at a minimum, on all proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results of Procedures: The District met with a quorum twice during the fiscal year in accordance with its by-laws. The prior year audit did not include a negative ending unassigned fund balance. The District's minutes did not include a budget to actual comparison.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of Procedures: The District has one operating account. The selected reconciliation was prepared within two (2) months of the related statement closing date. There were no reconciling items that were outstanding for more than twelve (12) months; therefore, no research was necessary. The selected bank reconciliation did not include evidence of management review.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

6. Obtain from management of a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results of Procedures: The District has no cash collections. Revenue collections are received by ACH distributions from the Board of Liquidation, City Debt (BOL) for assessments collected by the City of New Orleans. Regarding segregations of duties – no cash collections are made and reconciliation of the poste receipts are made using BOL reports. The two deposit date available for sample showed no exceptions to the above procedures.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results of Procedures: We noted no exceptions to the above procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results of Procedures: The District does not have credit cards/debit cards/fuel cards/P cards.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures: The District had no travel or travel-related expense reimbursements for FY 2021.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results of Procedures: We noted no exceptions to the above procedures.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and do not document their attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

INDEPENDENT ACCOUNTANT'S REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results of Procedures: We noted no exceptions to the above procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results of Procedures: There were no changes to the District's ethics policy during FY 2021. The District could not provide documentation that each employee/official completed one hour of ethics training during FY 2021.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree

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PROCEDURES AND FINDINGS, CONTINUED

actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Procedures: The District has no debt.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Procedures: Management has reported that there has been no misappropriations of public funds or assets during the fiscal year. The notice required by R.S. 24.523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds is posted on its premises, but not on its website.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backup can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed with the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use and their related locations, management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating

INDEPENDENT ACCOUNTANT'S REPORT
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PROCEDURES AND FINDINGS, CONTINUED

system and accounting system software in use are currently supported by the vendor.

Results of Procedures: We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the reported was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results of Procedures: The District could not provide documentation that each employee/official completed one hour of sexual harassment training during FY 2021. The District did not prepare an annual sexual harassment report for the current fiscal year.

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PROCEDURES AND FINDINGS, CONTINUED

We were engaged by **Eastover Neighborhood Improvement and Security District** to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of **Eastover Neighborhood Improvement and Security District** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

June 20, 2022