
LAKESHORE CRIME PREVENTION DISTRICT

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2019

LAKESHORE CRIME PREVENTION DISTRICT

NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Lakeshore Crime Prevention District

Report on the Financial Statements

We have audited the accompanying financial statements of Lakeshore Crime Prevention District (the District), which comprise the statement of net position as of December 31, 2019, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2019, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 6 and the budgetary comparison schedule on page 13 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The schedule of compensation, benefits, and other payments to agency head (supplemental information) on page 14 is presented for the purpose 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Postlethwaite & Netterville

Metairie, Louisiana

May 3, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) for the Lakeshore Crime Prevention District (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.

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

Enterprise Fund

The District's principal activity of aiding in crime prevention and adding to the security of the District's residents is accounted for in a single proprietary fund – the enterprise fund. The enterprise funds are used to account for operations that are performed in a manner similar to a private business whereby, services are provided to the public on a user charge basis.

Financial Analysis of the District

<u>STATEMENTS OF NET POSITION</u>		
<u>DECEMBER 31, 2019 AND 2018</u>		
<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Total assets	<u>\$ 118,112</u>	<u>\$ 130,872</u>
<u>LIABILITIES AND NET POSITION</u>		
Total liabilities	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Total net position	<u>114,112</u>	<u>126,872</u>
Total liabilities and net position	<u>\$ 118,112</u>	<u>\$ 130,872</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The District's total assets for 2019 decreased by \$12,760 due to expenses exceeding the funds received. The District's assets exceeded its liabilities by \$114,112 as of December 31, 2019. There was a decrease in total net position of \$12,760 from the previous year.

Results of Operations

<u>STATEMENTS OF ACTIVITIES</u>		
<u>FOR THE YEARS ENDED DECEMBER 31, 2019</u>		
	<u>2019</u>	<u>2018</u>
Total revenues	\$ 231,560	\$ 234,045
Total expenses	244,320	233,382
Change in net position	(12,760)	663
Net position - beginning of the year	126,872	126,209
Net position - end of the year	<u>\$ 114,112</u>	<u>\$ 126,872</u>

The District has received operating revenue from only one source, namely the property owners of this District as defined by Act 200 of the 2004 Louisiana Legislative Session. Each property owner is assessed a fee which is collected by the City of New Orleans and is then disbursed (minus a 1% fee) to the Treasurer of the District. The Treasurer promptly deposits all funds received into either of the District's bank accounts at Regions Bank or Gulf Coast Bank.

All funds that were spent by the District in 2019 were for: (1) security services performed by Metro Security, Inc., (2) the production of several newsletters to the property owners of the District to inform them of the status of the District, (3) Directors and Officers insurance and (4) for the preparation and submission of audited financial statements and required supplementary information by a CPA to the Louisiana Legislative Auditor. The District Board's priorities for 2019 have been to provide the maximum quality of security services to the neighborhood while conserving funds to provide a surplus if/when needed to, among other things, compensate for any increases in normal security services cost, to be able to provide disaster affects to the District, to fully inform the District residents through newsletters throughout the year and finally to continue a GPS/GSM Guard Trax security services monitoring system in order to ensure the very highest quality assurance of security services to our residents. This system provides the latest in minute to minute monitoring of the purchased security services, thus ensuring that our residents' expenditure results in the very highest quality of security services to our District that can be achieved.

The District's total net position decreased by \$12,760 over the course of the year, primarily due to a \$10,938 increase in expenses. Revenue decreased by \$2,485 compared to prior year due to a \$3,193 decrease in parcel fee revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Original vs. Revised Budget

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

The District's actual revenues of \$231,560 were greater than the budget by \$1,238, a variance of approximately 0.53%. The District's actual expenses of \$244,320 were lower than the budget by \$525, a variance of approximately 0.21%.

Economic Factors and Next Year's Budget

Because of the expenditure of providing 24-hour security to the District, the Board of Commissioners of the District has once again decided to continue to enact additional safeguards into our budget to address any potential future interruption of funds that are collected by and received from the City of New Orleans. In the year 2004-2005 our funding concerns were due to the unknown level of compliance/payment of the then new assessment to fund our District. In 2006 and 2007, Hurricane Katrina made the level of compliance/payment of assessment funds unpredictable due to the devastation to property and local government bureaucracies. In 2008, rapidly increasing fuel prices and then a pronounced national economic recession made it once again difficult to predict likely compliance/payment funding received by the District. The Board continues to believe it is prudent to retain cash funds to ensure that there will be no interruption of security services to the District. Some of these funds will be used to cover Security Guard costs for 2020, due to a small increase in their fees.

The COVID-19 outbreak in the United States has caused some disruption to business and government entities normal activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the COVID-19 outbreak may impact the District's financial position or statement of activities cannot be reasonably estimated at this time.

LAKESHORE CRIME PREVENTION DISTRICT
NEW ORLEANS, LOUISIANA

STATEMENT OF NET POSITION
DECEMBER 31, 2019

<u>ASSETS</u>		<u>2019</u>
Current Assets		
Cash and cash equivalents	\$	118,112
Total current assets		<u>118,112</u>
TOTAL ASSETS	\$	<u><u>118,112</u></u>

<u>LIABILITIES AND NET POSITION</u>	
Current Liabilities	
Accounts payable	\$ 4,000
Total current liabilities	<u>4,000</u>
Total liabilities	<u>4,000</u>
Net Position	
Unrestricted	114,112
Total net position	<u>114,112</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u><u>118,112</u></u>

The accompanying notes are an integral part of this financial statement.

LAKESHORE CRIME PREVENTION DISTRICT
NEW ORLEANS, LOUISIANA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
	Actual
<u>REVENUES:</u>	
Parcel fees	\$ 230,605
Interest income	955
	231,560
Total revenues	231,560
<u>EXPENSES:</u>	
Direct expenses	
Patrols	237,153
Total direct expenses	237,153
Administrative expenses	
Accounting	4,000
Newsletter	1,351
Business insurance	1,231
Website	575
Bank fees	10
Total administrative expenses	7,167
Total expenses	244,320
CHANGE IN NET POSITION	(12,760)
NET POSITION - BEGINNING OF THE YEAR	126,872
NET POSITION - END OF THE YEAR	\$ 114,112

The accompanying notes are an integral part of this financial statement.

LAKESHORE CRIME PREVENTION DISTRICT
NEW ORLEANS, LOUISIANA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Parcel fees	\$ 230,605
Interest income	955
Cash payments for expenses	(244,320)
Net cash used in operating activities	<u>(12,760)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,760)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>130,872</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 118,112</u></u>

The accompanying notes are an integral part of this financial statement.

LAKESHORE CRIME PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Operations and Significant Accounting Policies

History and Organization

The Lakeshore Crime Prevention District (the District) was created as a public body by the Louisiana Legislature, 2004, Act No. 200, La. R.S. 33:9091.7 et. seq., to aid in crime prevention and to add to the security of the District's residents by providing for an increase in the presence of security personnel in the District.

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 nine (9) appointed members. 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 three hundred and sixty dollars per parcel per year.

Under applicable state law, the City of New Orleans was authorized to collect parcel fees within the District through December 31, 2010, subject to approval of such fees by the District's residents. The District is further authorized to extend the City's taxing authority for additional periods of up to four years each, subject to the approval of each such extension by the District's residents. In November 2004 the District's residents approved the City's initial six-year assessment authority, and in November 2010 the District's residents approved an additional four-year extension of the City's assessment authority through December 31, 2014. In November 2016, the District's residents approved an additional four-year extension of the City's assessment authority through December 31, 2020. The District intends to place on the ballot to come November 2020 an additional four-year extension of the City's assessment authority through December 31, 2024.

Basis of Presentation

The accompanying 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.

Financial Reporting Entity

As the governing authority of the District, for reporting purposes, the Lakeshore Crime Prevention District is the financial reporting entity for the District. The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

LAKESHORE CRIME PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Operations and Significant Accounting Policies (continued)

Financial Reporting Entity (continued)

The criteria for including organizations as component units within the District's reporting entity, are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the District to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District.
2. Organizations for which the Board does not appoint a voting majority but are fiscally dependent on the District.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the application of the above criteria, it was determined the Lakeshore Crime Prevention District has no potential component units. As a result, this report includes only funds and account groups which are controlled by or dependent on the District. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility. Additionally, in application of these criteria, it was determined that the District is not a component unit of any other government.

Basic Financial Statements – Enterprise Fund

The enterprise funds are used to account for operations that are performed in a manner similar to a private business whereby, services are provided to the public on a user charge basis. Enterprise funds are accounted using a flow of economic resources measurement focus under which both long-term assets and liabilities are reported on the statements of net position. The statements of activities present increase (revenues) and decreases (expenses) in total net position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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. Expenses are recorded when a liability is incurred.

LAKESHORE CRIME PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Operations and Significant Accounting Policies (continued)

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.

2. 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. The budget for 2019 was adopted on July 11, 2018, as amended on September 4, 2019 and January 8, 2020. Budgeted amounts included in the accompanying budgetary comparison schedule are as amended and adopted by the District for the year 2019.

3. Cash and Cash Equivalents

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.

4. Litigation and Claims

At December 31, 2019, the District was neither involved in nor aware of any litigation or claims.

5. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued May 3, 2020, and determined that the following item requires disclosure:

The COVID-19 outbreak in the United States has caused some disruption to business and government entities normal activities. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the COVID-19 outbreak may impact the District's financial position or statement of activities cannot be reasonably estimated at this time.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

LAKESHORE CRIME PREVENTION DISTRICT
NEW ORLEANS, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budget, as Amended</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUES</u>			
Parcel fees	\$ 229,472	\$ 230,605	\$ 1,133
Interest income	850	955	105
Total revenues	<u>230,322</u>	<u>231,560</u>	<u>1,238</u>
<u>EXPENSES</u>			
Direct expenses			
Patrols	237,615	237,153	(462)
Total direct expense	<u>237,615</u>	<u>237,153</u>	<u>(462)</u>
Administrative expenses			
Accounting	4,000	4,000	-
Newsletter	1,392	1,351	(41)
Business insurance	1,250	1,231	(19)
Website	576	575	(1)
Bank fees	12	10	(2)
Total administrative expenses	<u>7,230</u>	<u>7,167</u>	<u>(63)</u>
Total expenses	<u>244,845</u>	<u>244,320</u>	<u>(525)</u>
CHANGE IN NET POSITION	(14,523)	(12,760)	1,763
Net position:			
Beginning of year	126,872	126,872	-
End of the year	<u>\$ 112,349</u>	<u>\$ 114,112</u>	<u>\$ 1,763</u>

LAKESHORE CRIME PREVENTION DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY
HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

The schedule of compensation, benefits and other benefits to agency head, political subdivision head or chief executive officer is presented in compliance with Act 706 of the 2014 Session of the Louisiana Legislature, as amended.

The District has no employees and the President of the governing board of commissioners, Byron J. Casey III (agency head), serves without compensation, remuneration, benefits or otherwise for the year ended December 31, 2019.

Accordingly, there are no applicable payments to report.

Purpose	Amount - Fiscal Year Reported
Salary	\$ -
Benefits-insurance – Health	-
Benefits-Retirement	-
Benefits-Life Insurance	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

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

To the Board of Commissioners
Lakeshore Crime Prevention District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lakeshore Crime Prevention District (the District), which comprise the statement of net position as of December 31, 2019, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 3, 2020.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

The Purpose of this Report

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

Postlethwaite & Netterville

Metairie, Louisiana
May 3, 2020

LAKESHORE CRIME PREVENTION DISTRICT

NEW ORLEANS, LOUISIANA

Schedule of Findings and Questioned Costs

Year ended December 31, 2019

- (1) Current Year Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None noted.