

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**

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

FOR THE YEAR ENDED DECEMBER 31, 2018

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise **the District's** basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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 entity'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 entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of **the District** as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 and budgetary comparison information on pages 4 through 9 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Information

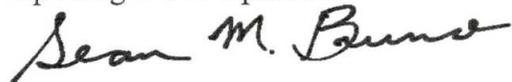
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **the District's** basic financial statements. The introduction section, accompanying schedule of compensation paid to board members and the schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of compensation paid to board members and the schedule of compensation, benefits and other payments to agency head or chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 my opinion, the schedule of compensation paid to board members and the schedule of compensation, benefits and other payments to agency head or chief executive officer are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2019 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
New Orleans, Louisiana

June 26, 2019

Sean M. Bruno
Certified Public Accountants

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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, 2018.

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, 2018

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 10 and 11 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, 2018

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 12 through 16 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 17 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 24 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Summary of 2018 Assets

The District's total assets for 2018 totaled \$127,095 which consists of remaining cash of \$59,855, receivables due from resident assessments of \$35,719, due from EPOA of \$22,208 and fixed assets of \$9,313. Total assets of **the District** decreased by \$30,452. This is the direct result of a decrease in collection of assessment fees.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2018

Summary of 2018 Revenues

For the year ended December 31, 2018, **the District** earned \$465,354 in revenues. This amount included \$464,748 from assessment and fees. The total revenues increased by \$9,123. The increased revenues is the result of increase collection of parcel fees during the current year.

Summary of 2018 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, 2018 totaled \$493,712 which was a decrease of \$102,712. The decrease in expenditures is a direct result of a decrease in security and contractual expense, and management fees expense.

RESULTS OF OPERATIONS

Operating capital for 2018 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, 2018

SUMMARY OF NET POSITON
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ <u>127,095</u>	\$ <u>157,547</u>
Total assets	<u>127,095</u>	<u>157,547</u>
Current liabilities	<u>44,141</u>	<u>46,235</u>
Total liabilities	<u>44,141</u>	<u>46,235</u>
Net position:		
Restricted	<u>82,954</u>	<u>111,312</u>
Total net position	\$ <u>82,954</u>	\$ <u>111,312</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues:		
Assessment and fees	\$ 464,748	\$ 455,514
Interest	<u>606</u>	<u>717</u>
Total revenues	<u>465,354</u>	<u>456,231</u>
Expenses:		
Neighborhood improvement and security	<u>493,712</u>	<u>596,424</u>
Total expenses	<u>493,712</u>	<u>596,424</u>
(Decrease) increase in net position	\$ <u>(28,358)</u>	\$ <u>(140,193)</u>

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
DECEMBER 31, 2018**

ORIGINAL VS. REVISED BUDGET

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

The District's actual revenues of \$465,354 were more than the budget of \$450,000 by \$15,354 a variance of approximately 3.41%. **The District's** actual expenditures of \$493,712 were less than the budget of \$516,200 by \$22,488 a variance of approximately 4.35%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Board expects to collect more of the parcel fees in 2019 and expects expenses to remain constant, as such 2019 budgeted revenues will be decreased by an amount expected to not be collected and expenditures will be consistent with amounts budgeted in 2018.

The Board of Commissioners of **the District** has strictly adhered to all Louisiana Ethics Laws and Parliamentary Procedures during 2018 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 Dr. Dorothy Perrault of the **Eastover Neighborhood Improvement and Security District** at (504) 245-5074.

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2018

<u>ASSETS</u>	<u>Governmental Activities</u>
Cash and Cash Equivalents (NOTE 4)	\$ 59,855
Accounts Receivable, net of Allowance of \$646,289 (NOTE 6)	35,719
Due from EPOA	22,208
Fixed Assets, net of Accumulated Depreciation of \$4,152	<u>9,313</u>
TOTAL ASSETS	<u>\$ 127,095</u>

LIABILITIES AND NET POSITION

Accounts Payable	\$ 35,881
Other Liabilities	<u>8,260</u>
TOTAL LIABILITIES	<u>44,141</u>
Net Position Restricted for Improvement and Security	<u>82,954</u>
TOTAL NET POSITION	<u>82,954</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 127,095</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, 2018

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Charges for Net Position</u>
<u>Governmental activities:</u>			
Neighborhood improvement and security	\$ <u>493,712</u>	\$ <u>464,748</u>	\$ (28,964)
		General revenues:	
		Interest income	<u>606</u>
		Total general revenue	<u>606</u>
		Change in net position	(28,358)
		Net position - beginning of year	<u>111,312</u>
		Net position - end of year	<u>\$ 82,954</u>

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

EASTOVER NEIGHBORHOOD IMPROVEMENT AND SECURITY DISTRICT
BALANCE SHEET, GOVERNMENTAL FUND
DECEMBER 31, 2018

	<u>General Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents (NOTE 4)	\$ 59,855
Accounts Receivable, net of Allowance of \$646,289 (NOTE 6)	35,719
Due from EPOA	22,208
Fixed Assets, net of Accumulated Depreciation of \$4,142	<u>9,313</u>
TOTAL ASSETS	<u><u>\$ 127,095</u></u>

LIABILITIES AND FUND BALANCE

Accounts Payable	\$ 35,881
Other Liabilities	<u>8,260</u>
TOTAL LIABILITIES	<u>44,141</u>
Fund Balance	<u>82,954</u>
TOTAL FUND BALANCE	<u>82,954</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 127,095</u></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, 2018

Fund balance - governmental fund	\$ 82,954
Amounts reported for governmental activities in the Statement of Net Position are different because:	
There are no differences.	<u>-</u>
Net position of governmental activities	<u>\$ 82,954</u>

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, 2018

	<u>General Fund</u>
<u>REVENUES</u>	
Assessment and fees	\$ 464,748
Interest income	<u>606</u>
Total revenues	<u>465,354</u>
 <u>EXPENDITURES</u>	
Salaries	40,360
Security	212,464
Maintenance	132,536
Building expense	19,208
Utilities	40,198
Professional services	18,643
Insurance	9,367
Bank fees	1,858
Supplies expense	2,907
City processing fee	4,583
Telephone	4,674
Community activities	4,411
Internet/web	624
Postage	533
Depreciation	<u>1,346</u>
Total expenditures	<u>493,712</u>
 (DEFICIT) OF REVENUES OVER EXPENDITURES	 (28,358)
 Fund Balance - Beginning of year	 <u>111,312</u>
 Fund Balance - End of year	 <u>\$ 82,954</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, 2018

Net change in fund balance - governmental fund	\$ (28,358)
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>\$ (28,358)</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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in fund balance	\$ (28,358)
Adjustments to reconcile change in fund balance to net cash used in operating activities:	
Depreciation	1,346
Increase in accounts receivables	(6,243)
Increase in due from EPOA	(22,208)
Decrease in accounts payable	<u>(2,093)</u>
Net cash used in operating activities	<u>(57,556)</u>
Net change in cash and cash equivalents	(57,556)
Cash and cash equivalents - Beginning of year	<u>117,411</u>
Cash and cash equivalents - End of year	<u>\$ 59,855</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 spend 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 spend 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 2018.

**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, 2018 were as follows:

<u>Description</u>	<u>Balance January 1, 2018</u>	<u>Additions/ Deletions</u>	<u>Balance December 31, 2018</u>
Equipment	\$ 13,465	\$ -0-	\$ 13,465
Accumulated Depreciation	<u>(2,806)</u>	<u>(1,346)</u>	<u>(4,152)</u>
Total	<u>\$ 10,659</u>	<u>\$(1,346)</u>	<u>\$ 9,313</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, 2018 totaled \$35,719.

NOTE 7 - LITIGATION AND CLAIMS

At December 31, 2018, **the District** was not involved in litigation or aware of any unasserted claims.

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 72, "Fair Value Measurement and Application." The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement will also enhance fair value application guidance about the impact of fair value measurements on a government's financial position. The requirements of this Statement are effective for financial statements for period beginning after June 30, 2015.

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

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS, CONTINUED

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. The requirements of this statement are effective for reporting periods beginning after June 15, 2015.

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. The requirements of this Statement are effective for financial statements for periods beginning after December 31, 2015.

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 26, 2019, 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.

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, 2018

	GENERAL FUND			
	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Assessment and fees	\$ 559,788	\$ 450,000	\$ 464,748	\$ 14,748
Interest income	-	-	606	606
Total revenues	<u>559,788</u>	<u>450,000</u>	<u>465,354</u>	<u>15,354</u>
 <u>EXPENDITURES</u>				
Payroll	-	40,000	40,360	(360)
Security	209,000	220,000	212,464	7,536
Maintenance	151,000	130,000	132,536	(2,536)
Professional services	23,000	23,000	18,643	4,357
Utilities	42,200	42,200	40,198	2,002
Building expense	20,000	20,000	19,208	792
Insurance	-	10,000	9,367	633
Supplies expense	7,000	7,000	2,907	4,093
Internet/web	-	3,000	624	2,376
Telephone	3,400	5,000	4,674	326
Other	16,278	5,000	4,583	417
Community activities	5,000	9,000	4,411	4,589
Postage	-	-	533	(533)
Bank fees	-	2,000	1,858	142
Depreciation	-	-	1,346	(1,346)
Legal services	4,000	-	-	-
Total expenditure	<u>\$ 480,878</u>	<u>\$ 516,200</u>	<u>493,712</u>	<u>\$ 22,488</u>
 (DEFICIT) OF REVENUES OVER EXPENDITURES			 (28,358)	
Fund Balance- Beginning of year			<u>111,312</u>	
Fund Balance - End of year			<u>\$ 82,954</u>	

(See Independent Auditors' Report)

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018

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

<u>PURPOSE</u>	<u>AMOUNT</u>
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-other (describe)	-
Benefits-other (describe)	-
Benefits-other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	-
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

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 **Eastover Neighborhood Improvement and Security District (the District)**, as of and for the year ended December 31, 2018, 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 26, 2019.

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) to determine the 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)

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

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
New Orleans, Louisiana

June 26, 2019

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT**
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None noted.

**EASTOVER NEIGHBORHOOD IMPROVEMENT
AND SECURITY DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Audit Finding Reference Number

2017-001 – Untimely submission of audit report.

Conditions

The December 31, 2017 audit report was not submitted within the prescribed time frame.

Recommendation

I recommend that management of the **District** take the steps to ensure that the financial audit is submitted within the prescribed deadlines.

Current Status

Resolved.