

ANNUAL FINANCIAL REPORT
MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Mid-City Security District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Mid-City Security District (the District), as of and for the year ended December 31, 2017, 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.

Auditors' Responsibility

Our responsibility is to express opinions 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, the *Louisiana Governmental Audit Guide* 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 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, 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 opinions.



To the Members of the Board
Mid-City Security District
June 21, 2018

Opinions

In our 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 Mid-City Security District, as of December 31, 2017, and the respective changes in financial position for the year then ended in conformity 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 7 and page 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis as required by Act 706 of the 2014 Louisiana Legislative Session and is not a required part of the basic financial statements.



To the Members of the Board
Mid-City Security District
June 21, 2018

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 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2018, on our consideration of Mid-City Security 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 Mid-City Security District's internal control over financial reporting and compliance.

June 21, 2018
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel LLP".

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2017

As financial management of Mid-City Security District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ending December 31, 2017. This discussion and analysis is designed to assist the reader on focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The assets of the District exceeded its liabilities by \$411,803 at December 31, 2017. The net position increased by \$65,148 from the previous year. All of the District's net position is restricted for crime prevention and security in the District.

The District's total revenues increased to \$1,035,563 from \$953,881. Expenditures for the relevant period decreased to \$970,415 from \$1,243,424.

Included in the District's total revenue was interest earned on bank accounts and/or certificates of deposits in the amount of \$6,513 and \$8,317 during the years ended December 31, 2017 and 2016.

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 basic financial statements. The District also includes in this report required additional supplemental information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report 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 year revenues and expenses are included regardless of when cash is received or paid.

The government-wide financial statements are presented on pages 8 & 9 of this report.

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2017

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.

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 10 – 13 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 14 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 schedules for the general fund. Required supplemental information can be found on page 19 of this report.

FINANCIAL ANALYSIS

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$411,803. The following table provides a summary of the District's net position:

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2017

SUMMARY OF NET POSITION
AS OF DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 459,713	\$ 405,883
Total assets	<u>459,713</u>	<u>405,883</u>
Current liabilities	<u>47,910</u>	<u>59,228</u>
Total liabilities	<u>47,910</u>	<u>59,228</u>
Net position:		
Restricted	<u>411,803</u>	<u>346,655</u>
Total net position	<u>\$ 411,803</u>	<u>\$ 346,655</u>

The District's cash balance increased as of December 31, 2017 mainly due to an increase in parcel fees received and a decrease in expenses paid. This also contributed to an increase in the District's total net position as of December 31, 2017. All of the District's net position is restricted for crime prevention and security within the District.

CHANGE IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues:		
Parcel fees	\$ 1,029,050	\$ 945,564
Interest	<u>6,513</u>	<u>8,317</u>
Total revenues	<u>1,035,563</u>	<u>953,881</u>
Expenses:		
Crime prevention and security	<u>970,415</u>	<u>1,243,424</u>
Total expenses	<u>970,415</u>	<u>1,243,424</u>
Increase (decrease) in net position	<u>\$ 65,148</u>	<u>\$ (289,543)</u>
Ending net position	<u>\$ 411,803</u>	<u>\$ 346,655</u>

Parcel fees increased by \$83,486 in 2017 as compared to 2016. Expenses for the District decreased by \$273,009 in 2017 as compared to 2016. The expenses were higher in 2016 mainly due to the purchase of three new vehicles and repairs and maintenance of older vehicles.

MID-CITY SECURITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2017

BUDGETARY HIGHLIGHTS

During the year ended December 31, 2017, parcel fee revenues were less than the amounts included in the budget, resulting in an unfavorable variance of (3.54%) or (\$37,100). During the year ended December 31, 2017, expenditures were less than the amounts included in the budget, resulting in a favorable variance of 6.77% or \$71,266.

ECONOMIC FACTORS AND A LOOK AT NEXT YEAR

The District's tax base has remained relatively stable over the past nine years with its first increase in fees of 10% in 2016. The District remains committed to promoting and encouraging the security in the area included within the district in the City of New Orleans. The District is to serve the citizens through collaboration and transparency on behalf of the great state of Louisiana and Mid-City New Orleans and is committed to fiscal responsibility and maintaining the trust from the citizens with their tax dollars.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Becker Rutledge, Mid-City Security District, 111 Veterans Blvd., Suite 407, Metairie, LA 70005.

BASIC FINANCIAL STATEMENTS

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 417,155
Receivables	29,353
Prepaid insurance	<u>13,205</u>
Total assets	<u>459,713</u>
 <u>LIABILITIES:</u>	
Accounts payable	<u>47,910</u>
Total liabilities	<u>47,910</u>
 <u>NET POSITION:</u>	
Restricted for crime prevention and security	<u>411,803</u>
Total net position	<u><u>\$ 411,803</u></u>

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Change in Net Position</u>
<u>Governmental activities:</u>			
Crime prevention and security	\$ 970,415	\$ 1,029,050	\$ 58,635
		General revenues:	
		Interest income	6,513
		Total general revenues	6,513
		Change in net position	65,148
		Net position - beginning	346,655
		Net position - ending	\$ 411,803

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
AS OF DECEMBER 31, 2017

	<u>General Fund</u>
<u>ASSETS:</u>	
Cash and cash equivalents	\$ 417,155
Receivables, net	29,353
Prepaid insurance	<u>13,205</u>
 Total assets	 <u>\$ 459,713</u>
 <u>LIABILITIES:</u>	
Accounts payable	<u>\$ 47,910</u>
 Total liabilities	 <u>47,910</u>
 <u>FUND BALANCE:</u>	
Nonspendable: prepaid expenses	13,205
Restricted for crime prevention and security	<u>398,598</u>
 Total fund balance	 <u>411,803</u>
 Total liabilities and fund balance	 <u>\$ 459,713</u>

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2017

Fund balance - governmental fund	\$	411,803
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
There are no differences.		-
Net position of governmental activities	\$	411,803

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund
<u>REVENUES:</u>	
Parcel fees	\$ 1,029,050
Interest income	6,513
	1,035,563
Total revenues	1,035,563
<u>EXPENDITURES:</u>	
General Government:	
Patrol and security services	920,904
Police cars and equipment	2,954
Insurance	19,807
Operations	6,438
Accounting and legal fees	10,123
City collection fee	10,189
	970,415
Total expenditures	970,415
Excess of revenues over expenditures	65,148
FUND BALANCE, BEGINNING	346,655
FUND BALANCE, ENDING	\$ 411,803

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
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, 2017

Net change in fund balance - government fund	\$	65,148
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
There are no differences.		-
Change in net position of governmental activities	\$	65,148

The accompanying notes are an integral part of this statement

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Mid-City Security District (the District) was created as a public body by Acts of the Louisiana Legislature, 2008, No. 925, La. R.S. 33:9091.14 to aid in crime prevention and to add to the security of District residences by providing for an increase in the presence of law enforcement personnel in the District. The Board of Commissioners is constituted by five (5) appointed members. The Mid-City Neighborhood Organization shall appoint four members, one of whom shall be from the City Park Triangle. The Parkview Neighborhood Association shall appoint one member. All members appointed shall be qualified voters and residents of the District. Board members appointed serve three-year terms. Board members are not compensated or reimbursed for expenses.

The District services all parcels located in the geographic area it serves. The District has no paid employees and contracts with the City of New Orleans for on-duty police officers for patrolling.

The governing authority of the City of New Orleans is authorized to impose and collect a parcel fee within the District. For these services, the City of New Orleans imposes a 1% collection fee based on the gross amount of the parcel fee collected. The amount of the parcel fee is determined by an adopted resolution of the board of commissioners of the District. The fee shall be a flat fee per improved parcel of land not less than \$200 and not to exceed \$250 per year for each improved residential parcel and not less than \$300 and not to exceed \$375 for each improved commercial parcel. The enabling legislation authorizing the fee expires on December 31, 2019, but can be extended by an act of the Legislature.

Basis of Presentation

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

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as a business type activity.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basic Financial Statements – Government-Wide Statements (continued)

The government-wide Statement of Activities reports both the gross and the net cost of the District's function. The Statement of Activities reduces gross expenses by related program revenues and charges for services. Program revenues must be directly associated with the function.

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 position 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. Parcel 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 are 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 except those required to be accounted for in another fund.

Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Receivables

The financial statements of the District contain no allowance for doubtful receivables. Uncollectible receivables, including amounts due from other government units, are charged directly against earnings when they are determined to be uncollectible. Management is of the opinion that there will be no material losses on the collection of receivables.

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 or 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 included in other classifications.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

The Board of Commissioners, as the highest level of decision-making authority, can establish, modify or rescind a fund balance commitment. For assigned fund balance the Board authorizes management to assign amounts for a specific purpose.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the District's policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

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

Subsequent Events

Subsequent events have been evaluated through June 21, 2018, which is the date the financial statements were available to be issued.

Reconciliations of Government-Wide and Fund Financial Statements

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

(2) 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 amended by the District for the year 2017.

The budget is prepared on the cash basis of accounting. Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis.

MID-CITY SECURITY DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

(3) 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.

At December 31, 2017, the carrying amount and the bank balances of deposits of the District are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 250,000</u>	<u>\$ 167,155</u>	<u>\$ -</u>	<u>\$ 417,155</u>

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledges of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities should be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2017, the District was not exposed to custodial credit risk.

(4) LITIGATION AND CLAIMS

At December 31, 2017, the District was not involved in litigation nor is the District aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Actual</u>	<u>*Adjustment to Budgetary Basis Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Final Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<u>REVENUES:</u>					
Parcel fees	\$ 1,029,050	\$ (18,150)	\$ 1,010,900	\$ 1,048,000	\$ (37,100)
Interest	6,513	-	6,513	5,000	1,513
Total revenues	<u>1,035,563</u>	<u>(18,150)</u>	<u>1,017,413</u>	<u>1,053,000</u>	<u>(35,587)</u>
<u>EXPENDITURES:</u>					
Patrol and security services	920,904	11,347	932,251	1,000,000	67,749
Police cars and equipment	2,954	-	2,954	-	(2,954)
Insurance	19,807	-	19,807	20,000	193
Operations	6,438	-	6,438	5,000	(1,438)
Accounting and legal fees	10,123	(28)	10,095	22,000	11,905
City collection fee	10,189	-	10,189	1,000	(9,189)
Misc Unanticipated Expenses	-	-	-	5,000	5,000
Total expenditures	<u>970,415</u>	<u>11,319</u>	<u>981,734</u>	<u>1,053,000</u>	<u>71,266</u>
Excess (deficiency) of revenues over expenditures	65,148	<u>\$ (29,469)</u>	<u>\$ 35,679</u>	<u>\$ -</u>	<u>\$ 35,679</u>
FUND BALANCE, BEGINNING	<u>346,655</u>	<u>-</u>	<u>636,198</u>		
FUND BALANCE, ENDING	<u>\$ 411,803</u>	<u>\$ (29,469)</u>	<u>\$ 671,877</u>		

*Note: The budget is prepared on the cash basis of accounting. Because the legally prescribed budgetary basis differs materially from generally accepted accounting principles, actual amounts in the accompanying budgetary comparison statements are presented on the budgetary basis.

(See Independent Auditors' Report)

OTHER SUPPLEMENTARY INFORMATION

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2017

Jim
Olsen

Time served

01/01/17
through
12/31/17

There were no payments to the agency head during 2017.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS**



**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
Mid-City Security 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 the governmental activities and the major fund of Mid-City Security District as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Mid-City Security District's basic financial statements, and have issued our report thereon dated June 21, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-City Security 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-City Security District's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-City Security 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.



To the Members of the Board
Mid-City Security District
June 21, 2018

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-City Security 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-001.

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 entity’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.

June 21, 2018
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel LLP".

Certified Public Accountants

MID-CITY SECURITY DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Mid-City Security District.
2. No significant deficiencies or material weaknesses were disclosed during the audit are 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*.
3. One instance of noncompliance disclosed during the audit are 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. A management letter was issued for the year ended December 31, 2017.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

2017-001 Non-Compliance with Louisiana Law over the Notice of a Fraud Hotline

Criteria: Louisiana R.S. 24:523.1 states that a link prepared by the Louisiana Legislative Auditor containing information for the reporting of any misappropriation, fraud, waste, or abuse of public funds should be posted on the website of the District.

Condition: The District website does not contain a link to the Louisiana Legislative Auditor's hotline.

Effect: The District is not in compliance with Louisiana Revised Statute 24:523.1.

Cause: The District did not ensure compliance with this law.

Recommendation: The District should update its website to include a link to the Legislative Auditor's Fraud hotline.

Management's Response: See Management's Corrective Action Plan for their response.

MID-CITY SECURITY DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS

There were no internal control or compliance findings in the prior year.

MANAGEMENT LETTER ITEMS

A management letter was not issued in the prior year.

Mid-City Security District

June 21, 2018

Louisiana Legislative Auditor

The Mid-City Security District, respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal St.
New Orleans, Louisiana 70119
Contact: James E. Tonglet

Audit Period: 01/01/2017 to 12/31/2017

The finding from the December 31, 2017 Schedule of Findings and Responses is discussed below. The finding is numbered consistently with the number assigned in Schedule of Findings and Responses.

SECTION II FINANCIAL STATEMENT FINDINGS

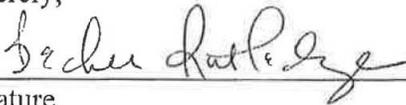
2017-001 Notice of Fraud Hotline

Recommendation: The District should update its website to include a link to the Legislative Auditor's Fraud hotline.

Response: Management agrees with the recommendation and will contact the website designer to have the link added to the District's website and ensure that it is in compliance with other aspects of the law.

If there are any questions regarding this plan, please contact Becker Rutledge at becker@businessdevelopmentpartners.com.

Sincerely,


Signature

Accountant
Title



MANAGEMENT LETTER

To the Members of the Board
Mid-City Security District

In planning and performing our audit of the financial statements of Mid-City Security District (the District), as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing 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.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding that matter. This letter does not affect our report dated June 21, 2018, on the financial statements of Mid-City Security District

We will review the status of this comment during our next audit engagement. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations. Our comment is summarized as follows:

2017-002 Enact Comprehensive Written Policies and Procedures

In performing the Statewide Agreed-Upon Procedures required by the Louisiana Legislative Auditor, we noted that the District had certain written policies, but in certain areas, they were lacking or vague. We recommend that the District develop a comprehensive set of policies and procedures specifically related to its accounting procedures and controls.

Written procedures, instructions, and assignments of duties help to prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well-devised accounting manual can also help to ensure that similar transactions are treated consistently, the accounting principles used are proper, and that records are produced in the form desired by management.

In addition, in the process of a comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Members of the Board
Mid-City Security District
June 21, 2018
Page 2

This communication is intended solely for the information and use of the board of directors and others within Mid-City Security District, and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

Very truly yours,

Certified Public Accountants

Mid-City Security District

June 21, 2018

Louisiana Legislative Auditor

The Mid-City Security District, respectfully submits the following corrective action plan for the year ended December 31, 2017.

Name and address of independent public accounting firm:

Ericksen Krentel, L.L.P.
4227 Canal St.
New Orleans, Louisiana 70119
Contact: James E. Tonglet

Audit Period: 01/01/2017 to 12/31/2017

The comment from the December 31, 2017 management letter is discussed below. The comment is numbered consistently with the number assigned in the Management Letter.

SECTION III MANAGEMENT LETTER ITEMS

2017-002 Enact Comprehensive Written Policies and Procedures

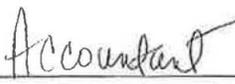
Recommendation: We recommend that the District develop a comprehensive set of policies and procedures specifically related to its accounting procedures and controls.

Response: The District will review its current written policies and procedures, including areas that were designated as exceptions in the Statewide Agreed-Upon Procedures, in order to identify ways to enhance them and create a more comprehensive set of written policies and procedures

If there are any questions regarding this plan, please contact Becker Rutledge at becker@businessdevelopmentpartners.com.

Sincerely,


Signature


Title

MID-CITY SECURITY DISTRICT
NEW ORLEANS, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
FOR THE YEAR ENDED
DECEMBER 31, 2017



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Members of the Board
Mid-City Security District

We have performed the procedures enumerated below, which were agreed to by Mid-City Security District (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the year ended December 31, 2017. The District's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are attached in Schedule "1."

This agreed-upon procedures engagement was conducted 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, 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.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties. The purpose of this report is 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.

June 21, 2018
New Orleans, Louisiana

Erickson Krentel LLP

Certified Public Accountants

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES
DECEMBER 31, 2017

WRITTEN POLICIES AND PROCEDURES

- l. **Procedures:** Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - 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.
 - c) Disbursements, including processing, reviewing, and approving.
 - d) Receipts, including receiving, recording, and preparing deposits.
 - e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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, and (5) monitoring card usage.
 - h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) Ethics, 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) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

Results: The District has written bylaws that briefly cover several of the functions listed above but not in thorough detail. The bylaws discuss the responsibility of the board to adopt the budget, however it does not detail processes for creating, monitoring, or amending the budget. The bylaws also describe the requirement for two signatures on each check payable by the District's funds, with at least one signature from a member of the board. There are policies and procedures in place for the other items listed above that are not supported by formal written documentation; with the exception of payroll, credit cards, travel and expense reimbursement, and debt service, which are not applicable to the District.

BOARD (OR FINANCE COMMITTEE, IF APPLICABLE)

2. **Procedures:** Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: The members of the board met monthly in 2017. There were no budget-to-actual comparisons referenced in the minutes, however, it did contain equivalent financial information intended to allow board members to monitor the financial status and activities of the District. The minutes also referenced non-budgetary financial information.

BANK RECONCILIATIONS

3. **Procedures:** Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: Obtained a listing of client bank accounts from management and management's representation that the listing was complete.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

4. **Procedures:** Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: Bank reconciliations were prepared for every month. There was no evidence of approval of each reconciliation. There was one reconciling item that was outstanding for more than six months which amounted to forty-five dollars which was previously researched by management.

COLLECTIONS

5. **Procedures:** Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: Obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

6. **Procedures:** Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: The District does not have any employees. The board member responsible for collecting cash is not responsible for depositing the cash in the bank or reconciling the bank account. There are no cash registers as the District only accepts checks. The District has a formal process to reconcile its significant cash collections to the general ledger by a person who is not responsible for cash collections. All collections tested were deposited within three days of receipt. Cash collections tested were completely supported by documentation.

7. **Procedures:** Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: The District has a process to determine completeness of all collections by a person who is not responsible for collections.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

DISBURSEMENTS – GENERAL (EXCLUDING CREDIT CARD/DEBIT CARD/FUEL CARD/P-CARD PURCHASES OR PAYMENTS)

8. **Procedures:** Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: Obtained a listing of District disbursements from management and management's representation that the listing was complete.

9. **Procedures:** Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: All transactions selected were initiated by a request for payment from the NOPD. Use of purchase orders were not applicable to the District's operations. All transactions were supported by the invoices and related approval for payment documentation.

10. **Procedures:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: The person responsible for processing payments can add vendors to the vendor list; however, all invoices must be approved and all checks are signed by the two parties including at least one member of the board.

11. **Procedures:** Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

Results: Persons with signatory authority have no responsibility for initiating or recording purchases as each payment requires two signatures.

12. **Procedures:** Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: Unused checks are stored in a locked location.

13. **Procedures:** If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: Not applicable.

CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

14. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.
15. **Procedures:** Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.
- a) Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
 - b) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - c) Report whether finance charges and/or late fees were assessed on the selected statements.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

16. **Procedures:** Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased).
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
 - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: Not applicable, the District does not use credit cards, bank debit cards, fuel cards or P-cards.

TRAVEL AND EXPENSE REIMBURSEMENT

17. **Procedures:** Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. **Procedures:** Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

19. **Procedures:** Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).
 - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
 - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: Not applicable, the District does not have any travel or expense reimbursements.

CONTRACTS

20. **Procedures:** Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: Obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

21. **Procedures:** Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: Each contract tested had a formal/written contract that supports the services arrangement and the amounts paid. Public Bid Law is not applicable to any contracts tested. The District does discuss and approve of contracts during board meetings. All invoices tested complied with the written contracts.

PAYROLL AND PERSONNEL

22. **Procedures:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
DECEMBER 31, 2017

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. **Procedures:** Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her 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) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. **Procedures:** Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. **Procedures:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: Not applicable, the District does not have any employees.

ETHICS

26. **Procedures:** Using the five randomly sampled employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

MID-CITY SECURITY DISTRICT
AGREED-UPON PROCEDURES (CONTINUED)
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Results: Not applicable, the District does not have any employees.

27. **Procedures:** Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: No alleged ethics violations were reported to the District during the fiscal period.

OTHER

28. **Procedures:** Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No misappropriations of public funds or assets noted.

29. **Procedures:** Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.I. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Notice is not posted on the website of the District.

30. **Procedures:** If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions noted.

Mid-City Security District

June 21, 2018

Louisiana Legislative Auditor

The Mid-City Security District respectfully submits the following corrective action plan for items identified pursuant to the Statewide Agreed-Upon Procedures Engagement prescribed by you.

Name and address of independent public accounting firm:

Ericksen Krentel LLP

4227 Canal Street

New Orleans, LA 70119

Engagement Period: January 1, 2017 – December 31, 2017

The exceptions from the Statewide Agreed-Upon Procedures Report are discussed below:

Written Policies and Procedures

Exceptions: The District has written bylaws that briefly cover several of the functions such as adopting budget and requiring two signature payments made from the District's funds. The described controls can be further expanded and detail the complete process over budget and payable functions. There were no written policies related to receipts, disbursements, purchases, contracting, and ethics.

Bank Reconciliations

Exceptions: There was no evidence of approval of each reconciliation.

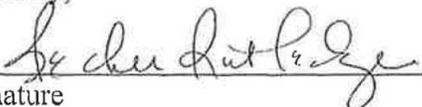
Non-Compliance with Louisiana Law over the Notice of a Fraud Hotline

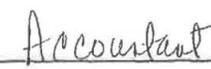
Exceptions: The District website does not contain a link to the Louisiana Legislative Auditor's hotline.

Management's Response to Exceptions: Management has noted and agrees with the above exceptions. Management will consider the effects of such exceptions and the need to enhance key controls or compensating controls in the identified areas.

If there are any questions regarding this plan, please contact Becker Rutledge at becker@businessdevelopmentpartners.com.

Sincerely,


Signature


Title