

6213

RECEIVED
LEGISLATIVE AUDITOR
04 JUN 10 PM 12.1.1

**LAKE CARMEL SUBDIVISION
IMPROVEMENT DISTRICT**

**COMPILED GENERAL PURPOSE
FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT ACCOUNTANTS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-15-04

**LAKE CARMEL SUBDIVISION
IMPROVEMENT DISTRICT**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
BALANCE SHEET	
GOVERNMENTAL FUND TYPE - GENERAL FUND	2
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE	
GOVERNMENTAL FUND TYPE - GENERAL FUND	3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL	
GOVERNMENTAL FUND TYPE-GENERAL FUND	4
NOTES TO THE FINANCIAL STATEMENTS	5



Member

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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Commissioners
Lake Carmel Subdivision Improvement District
New Orleans, Louisiana

We have compiled the accompanying balance sheet of **Lake Carmel Subdivision Improvement District (LCSID)** as of December 31, 2003 and the related statement of revenues, expenditures and changes in fund balance and statement of revenues, expenditures and changes in fund balance - budget to actual for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of **LCSID's** management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated April 12, 2004 on the results of our agreed-upon procedures.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 12, 2004

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND TYPE
GENERAL FUND
DECEMBER 31, 2003**

ASSETS

Cash and cash equivalents (NOTE 1)	\$ 27,041
Parcel fees receivable (NOTE 2)	12,579
Funds available - City of New Orleans (NOTE 3)	<u>62,432</u>
 Total assets	 <u>\$102,052</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ <u>24,692</u>
 Total liabilities	 <u>24,692</u>
 Fund balance:	
Unreserved-undesignated	<u>77,360</u>
 Total liabilities and fund balance	 <u>\$102,052</u>

See Independent Accountants' Compilation Report.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND TYPE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

Revenues

Parcel fees (NOTE 4)	\$ 89,564
Interest	814
LSED grant	2,500
Miscellaneous revenue	<u>304</u>
Total revenues	<u>93,182</u>

Expenditures

Security services	72,918
Committee social	1,489
Guard house maintenance & utilities	1,081
Bank fees	806
Landscaping	11,842
Professional fees	1,605
Park development	1,086
Newsletter	165
Postage and miscellaneous	93
Space rental	<u>20</u>
Total expenditures	<u>91,105</u>

Excess of revenues over expenditures	2,077
Fund balance at beginning of year	<u>75,283</u>
Fund balance at end of year	<u>\$ 77,360</u>

See Independent Accountants' Compilation Report.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GOVERNMENTAL FUND TYPE-GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

<u>Revenues</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Parcel fees (NOTE 4)	\$100,022	\$ 89,564	\$ (10,458)
Interest	-0-	814	814
LSED grant	-0-	2,500	2,500
Miscellaneous revenue	<u>-0-</u>	<u>304</u>	<u>304</u>
Total revenues	<u>100,022</u>	<u>93,182</u>	<u>(6,840)</u>
 <u>Expenditures</u>			
Security services	78,933	72,918	6,015
Committee social	1,000	1,489	(489)
Guard house maintenance & utilities	2,000	1,081	919
Bank fees	-0-	806	(806)
Landscaping	12,200	11,842	358
Professional fees	1,800	1,605	195
Park development	1,599	1,086	513
Newsletter	500	165	335
Postage and miscellaneous	250	93	157
Restrictions enforcement	1,500	-0-	1,500
Space rental	<u>240</u>	<u>20</u>	<u>220</u>
Total expenditures	<u>100,022</u>	<u>91,105</u>	<u>8,917</u>
Excess of revenues over expenditures	-0-	2,077	2,077
Fund balance at beginning of year	<u>75,283</u>	<u>75,283</u>	<u>-0-</u>
Fund balance at end of year	<u>\$75,283</u>	<u>\$ 77,360</u>	<u>\$ 2,077</u>

See Independent Accountants' Compilation Report.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies

General

The **Lake Carmel Subdivision Improvement District (LCSID)** was created by the Louisiana Legislature under Louisiana Revised Statute 33:9071 in the Parish of Orleans. The purpose of **LCSID** is for “promoting and encouraging the beautification, security and overall betterment of the Lake Carmel Subdivision”. A nine-member board of commissioners manages **LCSID**. Its financing sources are derived principally from the proceeds of parcel fees which are levied on all taxable real property, within the district, by the City of New Orleans.

Basis of Accounting

The **LCSID** is a special taxing district whose financial statements are prepared on the modified accrual basis and in accordance with and generally accepted accounting principles. Under this method, revenues are recognized when they become measurable and available. Parcel fee collections are considered “measurable” when in the hands of the collecting agency and are recognized as revenue at this time. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Fund Accounting

LCSID uses a governmental fund through which most governmental functions typically are financed. **LCSID** maintains a general fund as its general operating fund, which is used to account for all financial resources except those required to be accounted for in another fund or account group (i.e. General Fixed Asset Group).

Budgetary Data

The **LCSID** board of commissioners are required to adopt an annual budget in accordance with the Local Government Budget Act, R.S. 39:1301. The budget and all amendments are subject to the approval of the New Orleans City Council.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies
Continued

Cash and Cash Equivalents

Cash includes amounts on hand and in demand deposits held by banks or other financial institutions. Cash equivalents include short term investments with original maturities of 90 days or less.

At December 31, 2003, **LCSID** had cash and cash equivalents (book balances) totaling \$27,041.

NOTE 2 - Parcel Fees Receivable

Parcel fees that are levied but not collected by the City of New Orleans are recorded as parcel fees receivable. The balance of parcel fees receivable as of December 31, 2003 totaled \$12,579.

NOTE 3 - Funds Available - City of New Orleans

Parcel fees that are levied and collected by the City of New Orleans but have not been drawn down during the year by **LCSID** are recorded as Funds Available - City of New Orleans. The balance of funds due from the City of New Orleans as of December 31, 2003 totaled \$62,432.

NOTE 4 - Parcel Fees

The governing authority of New Orleans may levy and collect a \$250 parcel fee upon all taxable real property within the Lake Carmel Subdivision Improvement District in accordance with the provision of Act 1233. For the year ended December 31, 2003, the current year parcel fees revenue and prior year collections totaled \$89,564 and \$119,700, respectively.

**LAKE CARMEL SUBDIVISION
IMPROVEMENT DISTRICT**

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

FOR THE YEAR ENDED DECEMBER 31, 2003

**LAKE CARMEL SUBDIVISION
IMPROVEMENT DISTRICT**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES	1
LOUISIANA ATTESTATION QUESTIONNAIRE FOR LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT	7



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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Lake Carmel Subdivision Improvement District
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Board of Commissioners of the **Lake Carmel Subdivision Improvement District (LCSID)** and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about **LCSID's** compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the 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.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

PUBLIC BID LAW

1. Select all expenditures made during the year for material and supplies exceeding \$15,000.00, or public works exceeding \$100,000.00, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

Results

We reviewed the check register and found no purchases exceeding the aforementioned amounts.

CODE OF ETHICS FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of governmental ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Results

LCSID provided us with a listing of all board members and their immediate family. In addition, **LCSID** included in the listing all outside business interests of the board members and their immediate family. We noted no conflicts of interest which would result in a violation of the Code of Ethics for Public Officials and Public Employees LSA-RS 42:1101-1124.

3. Obtain from management a listing of all employees paid during the period under examination.

Results

There were no employees of the **LCSID** during the 2003 fiscal year.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Result

This is not applicable, as the **LCSID** had no employees during the 2003 fiscal year.

BUDGETING

5. Obtained a copy of the legally adopted budget and all amendments.

Result

The Board of Commissioners provided us with a copy of the original budget. No formal amendments were made to the original budget.

6. Trace the budget adoption and amendments to the minute book.

Result

We traced the adoption of the original budget to the minutes of a meeting held on November 6, 2002 which indicated that the budget had been adopted by the Board of Commissioners of the **LCSID** by a vote of 8 in favor and no one opposed with one Commissioner absent. No formal amendments had been made and adopted by the Board during the year.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

Result

We compared the revenues and expenditures of the final budget to the actual revenues and expenditures. Actual expenditures for the year did not exceed budgeted amounts by more than 5%. However, actual revenues failed to meet budgeted revenues by 6.8%, which is a violation of the Louisiana Local Government Budget Act, R.S.39:1301.

ACCOUNTING AND REPORTING

8. Randomly select 6 disbursements made during the period under examination and:
- (a) trace payments to supporting documentation as to proper amount and payee;

Result

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

Result

The randomly selected disbursements were properly coded to the correct expense account in the general ledger.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

- (c) determine whether payments received approval from proper authorities.

Result

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the treasurer and the president of the Board of Commissioners.

MEETINGS

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Result

LCSID's Board of Commissioners meet five (5) times a year. **LCSID** provided documentary evidence indicating that **LCSID** meeting announcements were posted in the **LCSID** periodic newsletter. The newsletter is mailed to all property owners in the district. The agendas for the meetings are recorded and advertised as required.

DEBT

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

Result

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

**LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT
INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES, CONTINUED**

ADVANCES AND BONUSES

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advance, or gifts.

Result

LCSID had no employees and we noted no payments to Board members that would appear to be bonuses, advances or gifts.

Our prior year report, dated June 19, 2003 did not include any comments or unresolved matters. We did however issue a separate management letter dated April 12, 2004.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. 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 use of management of **Lake Carmel Subdivision Improvement District** and the Legislative Auditor (State of Louisiana), and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 12, 2004



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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT ACCOUNTANTS' COMMENTS TO MANAGEMENT

To the Board of Directors
Lake Carmel Subdivision Improvement District

We have compiled the financial statements of **Lake Carmel Subdivision Improvement District (LCSID)** for the year ended December 31, 2003, and have issued our report thereon dated April 12, 2004.

While compiling the financial statements we became aware of matters that are opportunities for strengthening the operating efficiency of **LCSID**. The current year comments that accompany this letter summarizes our findings and recommendations regarding these matters.

Additionally, in connection with our compilation procedures, we reviewed the prior year comments to management to determine whether management had implemented appropriate action to correct the conditions giving rise to the comments. The results of our review with respect to the prior year comments to management are described in the status of prior year comments section.

This letter does not affect our report dated April 12, 2004.

We will review the status of these comments during our next compilation engagement. We have already discussed these comments and suggestions with the appropriate personnel of **LCSID**, and we will be pleased to discuss them in further detail at your convenience and/or assist you in implementing the recommendations.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 12, 2004

LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT

03-01 - AVAILABLE FUNDS HELD BY THE CITY OF NEW ORLEANS

At December 31, 2003, the City of New Orleans was in custodial care of \$62,432 of parcel fees collected on behalf of the LCSID.

We recommend that the proper documents be furnished to the City of New Orleans to draw down the funds for the deposit into the LCSID's bank account.

03-02 - ACCOUNTING RECORDS

The LCSID processes its accounting transactions on an accounting software package. However, a general ledger and financial statements are not produced monthly.

LCSID produces a general ledger and financial statements on a quarterly basis. However, monthly statements should be produced in order to compare budgeted amounts to actual for revenues, expenditures, and changes in fund balance more often during the fiscal.

We recommend that LCSID ensure that a general ledger and financial statements are produced monthly.

03-03 - BUDGET AMENDMENT

At December 31, 2003 actual revenues failed to meet budgeted revenues by 6.8%.

LCSID did not amend its budget for the unexpected shortfall of revenues occurring at the end of the fiscal year. As such, LCSID is in noncompliance with Louisiana Revised Statute, Section 39:1310-1311, which requires the governing authority to amend the budget when it expects actual expenditures to exceed total budgeted expenditures by 5% or more and/or actual revenues to fail to meet total budgeted revenues by 5% or more.

LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT

03-03 - BUDGET AMENDMENT, CONTINUED

We recommend that **LCSID** monitor its budget on a regular basis to ensure that *actual revenues and expenditures and beginning fund balance variances* are always within legal limits as set by the Louisiana law.

03-04 - ACCOUNTS PAYABLE

We noted during our compilation procedures that **LCSID** does not have a system in place to adequately age accounts payable by vendor. Accurate amounts owed to certain vendors are not known on a monthly basis for the purpose of assessing expenditures and paying vendors on a timely basis.

We recommend that **LCSID** establish a system to age accounts payable in order to provide reliable financial reporting and ensure that payments are made timely.

03-05 - CASH DISBURSEMENTS

During our test of cash disbursements, we noted instances whereby the invoice or other supporting documentation for checks written for security was not readily available.

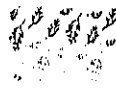
An effective system of internal control requires that documentation be maintained to support disbursements, which affect transactions entered into the financial records of **LCSID**.

We recommend that **LCSID** ensure that adequate documentation is always maintained to support disbursements made and ensure the reliability of financial information reported by **LCSID**.

LAKE CARMEL SUBDIVISION IMPROVEMENT DISTRICT

STATUS OF PRIOR YEAR COMMENTS

<u>Prior Year Comment No.</u>	<u>Description</u>	<u>Resolved</u>	<u>Current Year Comment No.</u>
02-01	Information Returns Form 1099-Misc	Yes	-----
02-02	Available Funds Held by the City of New Orleans	No	03-01
02-03	Accounting Records	No	03-02



LAKE CARMEL
HOMEOWNER ASSOCIATION NO. 4
INCORPORATED

12950 Chanelle Court, New Orleans, Louisiana 70128

RECEIVED
LEGISLATIVE AUDITOR

04 SEP -9 AM 11:16

September 8, 2004

To: Brittni G Robert
Engagement Administrative Assistant
Office of Legislative Auditor
Baton Rouge, La.

From: Edward R Washington, President Lake
Carmel Special Tax District

Subject Corrective Action Plan

Areas for Corrective Action

Independent Accountants' Report on Applying Agreed Upon Procedures

Budgeting

Item 7... Results - Budget revenues exceeded actual revenues by 6.8%, which is a
Violation

Budgeted revenues exceeded actual revenues because of
funds accumulated and carried over from past years. The budget
was approved by the by the Local Governmental Authorities.

Independents Accountants Comments to Management

(Draw Down) Available Funds Held by the City of New Orleans

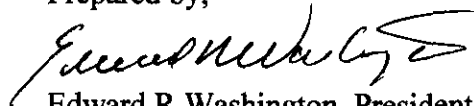
The City of New Orleans charges a fee of 1 percent for
collecting Tax Districts' Funds. The city deposits funds
collected each month in Cd's and Federal short term notes
earning interest for the Tax District. The interest
earned offset the 1 percent collection fee. Lake Carmel Tax
District's Board has not acted on this recommendation.

Accounting Records

Lake Carmel Tax District produces a Register Report each
month showing total expenditures for the year. Plans are in

motion to produce monthly statements showing revenues, expenditures, and changes in fund balances for the adopted budget. production of a general ledger is planned for 2004.

Prepared by,



Edward R Washington, President
Lake Carmel Tax District

C.C. Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue, New Orleans, La.