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**Audubon Area Security District
New Orleans, Louisiana**

**Annual Financial Statements
And Accompanying Reports and Information**

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 9-1-04

Audubon Area Security District

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PEDELAHORE & CO., LLP
Certified Public Accountants

June 14, 2004

Legislative Auditor
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1600 North 3rd Street
Baton Rouge, Louisiana 70804

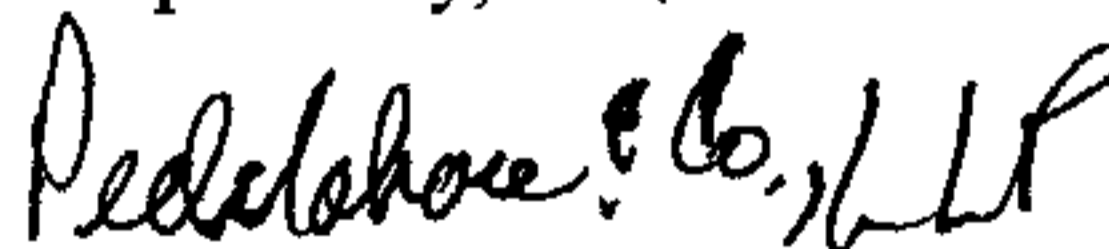
Re: Audubon Area Security District
New Orleans, Louisiana

We have completed the compilation/attest engagements of Audubon Area Security District (the District) as of and for the year ended December 31, 2003. In accordance with your instructions outlined in the *Louisiana Governmental Audit Guide* please find enclosed one unbound copy of the financial statements and accompanying reports and information, including a management letter. Also attached (but not bound herein) is the Data Collection Form concerning these engagements.

Additionally, three copies of the financial statements and reports referred to above have been distributed to the Board of Commissioners of the District.

As indicated in Note 2 to the financial statements, there are no component units included in the District's reporting entity.

Respectfully,



Pedelamore & Co., LLP
Certified Public Accountants

Required Supplemental Information (Part I)

Audubon Area Security District
New Orleans, Louisiana

Management's Discussion And Analysis
For The Year Ended December 31, 2003

Our discussion and analysis of the Audubon Area Security District's (hereafter referred to as the District) financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Government Accounting Standards Board in their Statement No. 34, "Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments" issued June, 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A. However, because this is the first year of the District, there is no prior year information available. Subsequent reports will include the comparative information.

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year. The District began operating in 2003, and its initial year of operations increased total net assets by \$61,883, and resulted in ending net assets of \$61,883, or an increase of 100 percent.

The total spending for the governmental activity was \$43,332 for the year, which was \$50,386 less than the taxes received for this activity, or \$93,718.

The interest earned on bank checking accounts and investments in U.S. Treasury Bills was \$244 for the year.

Overview Of The Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and supplementary information. The District's operations are conducted through a general fund.

Basic Financial Statements

Government-Wide Financial Statements

The statements in this section include the Statement Of Net Assets and the Statement Of Revenues, Expenses And Changes In Net Assets.

The Statement Of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private businesses. The difference between total assets and total liabilities is net assets, which may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement Of Activities presents information showing how the District's assets changed as a result of current year operations. The statement is also prepared using the accrual basis of accounting. In this method, all revenues and expenditures are recognized regardless of when the cash is received or disbursed.

Fund Financial Statements

Due to its nature of organization and its present operations, the District uses only the governmental type of fund. The basic services of the District are reported in the General fund, which focuses on how money flows into and out of the District and the balance left at the end of the year. The revenues and expenditures of the general fund are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's program. We describe the relationship (or difference) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations immediately following the fund financial statements.

Financial Analysis Of The Entity

Summary Statement Of Net Assets As Of December 31, 2003

Current and other assets	
Total assets	<u>\$ 73,467</u>
Current liabilities	
Total liabilities	<u>11,584</u>
Net Assets:	
Unrestricted	<u>61,883</u>
Total net assets	<u>\$ 61,883</u>

The District does not have any "restricted" net assets. It does have "unrestricted" net assets, which are net assets that do not have any limitations on how these amounts may be used or expended.

The net assets of the District increased by \$61,883 or 100%, from January 1, 2003 to December 31, 2003, as 2003 was the first year the District was in existence.

Summary Statement Of Activities
For The Year Ended December 31, 2003

Revenues	\$ 121,059
Expenditures	<u>59,176</u>
Change In Net Assets	<u>\$ 61,883</u>

The District's total revenues increased by \$121,059 or 100%. The total cost of all programs and services increased by \$59,176 or 100%. The increase in revenues and expenses is due to the fact that this was the first year of operations for the District.

General Fund Budgetary Highlights

The actual revenues were \$26,983 less than the budgeted amount while the expenditures were \$77,324 less than the budgeted amount. The decrease in revenue was due to uncollected taxes. The decrease in expenses was due to this being the first year the District was in existence.

There were no amendments to the original budget.

Economic Factors And Next Year's Budget And Rates

The District has the authority to levy a special tax of \$325 on each parcel of real property and has done so for the following year. Expenses are expected to increase in 2004 since the District will incur operating cost for the full twelve months of the year. The District expects that next years results will closer reflect the budgeted amounts.

Contacting The District's Financial Management

This report is designed to provide our residents in the District, taxpayers, customers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. Any questions about this report or requests for additional information may be directed to Shelley Landrieu located at 826 Perdido Street, Suite 302, New Orleans, LA 70122-2148.

Financial Section

PEDELAHORE & CO., LLP
Certified Public Accountants

Accountant's Compilation Report

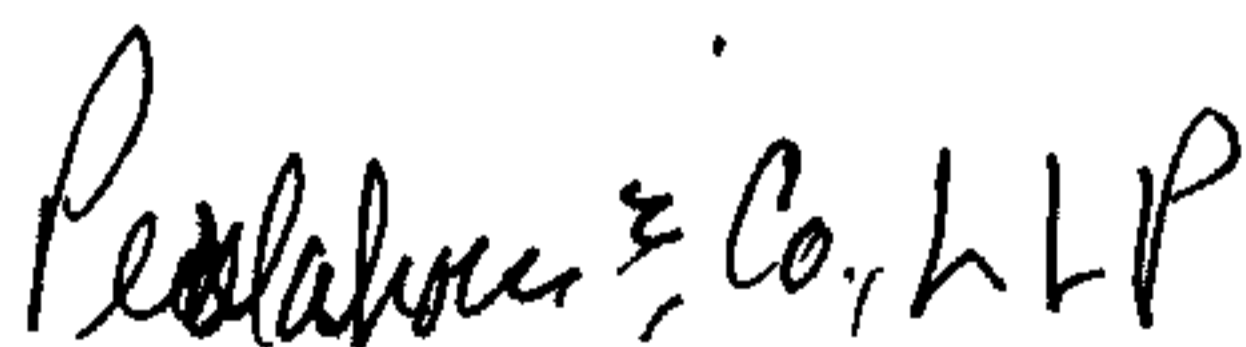
To the Board of Commissioners
Audubon Area Security District
New Orleans, Louisiana

We have compiled the accompanying basic financial statements of Audubon Area Security District as of and for the year ended December 31, 2003, as listed in the table of contents, 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 management of the Audubon Area Security District. We have not audited or reviewed the accompanying basic financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The Management's Discussion and Analysis and budgetary comparison information on pages 3 through 5 and 21, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report, dated June 14, 2004, on the results of our agreed-upon procedures.



June 14, 2004

Audubon Area Security District
Statement Of Net Assets
December 31, 2003

Statement A

Assets

Cash	\$ 3,360
Receivables - net of allowance	<u>70,107</u>
	<u>73,467</u>

Liabilities

Accounts payable	9,084
Accrued expenses	<u>2,500</u>
	<u>11,584</u>

Net Assets

Unrestricted net assets	<u>61,883</u>
	<u>\$ 61,883</u>

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District
Statement Of Activities
For The Year Ended December 31, 2003

Statement B

Expenditures

Patrol and security services	\$ 34,667
Provision for bad debt	15,844
Administrative and office expense	5,921
Accounting and legal services	2,500
Other expenses	<u>244</u>
 Total expenditures	 <u>59,176</u>

Revenues

Ad valorem taxes (net of collection fees)	120,815
Interest earned	<u>244</u>
 Total revenues	 <u>121,059</u>

Change In Net Assets

	61,883
 Net assets at beginning of year	 <u>-</u>
 Net Assets At End Of Year	 <u>\$ 61,883</u>

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District
Balance Sheet
General Fund - Governmental Fund
December 31, 2003

Statement C

Assets

Cash	\$ 3,360
Receivables	<u>58,610</u>
	<u>\$ 61,970</u>

Liabilities And Fund Balance

Accounts payable	\$ 9,084
Accrued expenses	<u>2,500</u>
	11,584
Fund Balance - unreserved and undesignated	<u>50,386</u>
	<u>\$ 61,970</u>

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District
Reconciliation Of The Governmental Funds Balance Sheet
To The Government-Wide Statement Of Net Assets
December 31, 2003

Statement D

Total Fund Balance - Governmental Fund (Statement C) **\$ 50,386**

Amounts reported for governmental activities in the statement of net assets
(government-wide financial statements) are different because:

Governmental funds reports accounts receivables on the modified basis of
accounting, when measurable and available. The receivables are recorded net
of the city's collection fee. The statement of net assets reports receivables
on the accrual basis of accounting; when the exchange occurs. The related
collection fee from the city is recorded and an allowance for bad debts is
recorded for the property taxes not expected to be collected within the next year.

Due from taxpayers	\$ 28,401		
Allowance for bad debts	(15,844)		
City collection fee	<u>(1,060)</u>		<u>11,497</u>

Total Net Assets Of Governmental Activities (Statement A) **\$ 61,883**

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District
Statement Of Revenues, Expenditures And
Changes In Fund Balance
General Fund - Governmental Fund
For The Year Ended December 31, 2003

	Statement E
Revenues	
Ad valorem taxes (net of collection fees)	\$ 93,474
Interest earned	<u>244</u>
Total revenues	<u>93,718</u>
Expenditures	
Patrol and security services	34,667
Administrative and office expense	5,921
Accounting and legal services	2,500
Other expenses	<u>244</u>
Total expenditures	<u>43,332</u>
Net Change In Fund Balance	50,386
Fund Balance at Beginning of Year	<u>-</u>
Fund Balance At End Of Year	<u>\$ 50,386</u>

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District
Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement of Activities
For The Year Ended December 31, 2003

Statement F

Net Changes In Fund Balances - Governmental Funds (Statement E) \$ 50,386

Amounts reported for governmental activities in the statement of activities
(government-wide financial statements) are different because:

Governmental funds report revenues when measurable and available.
The revenues are recorded net of the city's collection fee. The
statement of activities reports revenues when the exchange occurs.
The related allowance for bad debts is recorded for property taxes not
expected to be collected within the next year.

Revenues measurable, not available	\$ 28,401	
Allowance for bad debts	<u> (15,844)</u>	12,557

Some items reported in the statement of activities do not require the use
of current financial resources and therefore are not reported as expenditures
in governmental funds. These activities consist of:

City collection fee	(1,060)	<u> (1,060)</u>
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Total Net Assets Of Governmental Activities (Statement B) **\$ 61,883**

See Accompanying Notes And Accountant's Compilation Report

Audubon Area Security District

Notes To Financial Statements

Note 1. Introduction

The Audubon Area Security District (the District) is a special taxing district created by Act 40 of the First Extraordinary Session of 2002 of the Louisiana Legislature (Louisiana Revised Statute 33:9093 re-designated as Louisiana Revised Statute 33:9091.3), for the purpose of promoting and encouraging the security of the Audubon area in the City of New Orleans.

The District is governed by a Board consisting of nine members (commissioners) who are residents of the District. The commissioners are appointed by the Audubon Area Zoning Association, the mayor, and the state senator and state representative of the District. Commissioners serve without compensation.

The boundaries of the District shall be that area lying within the following perimeter: Exposition Boulevard to St. Charles Avenue to Arabella Street to Hurst Street to Nashville Avenue to Prytania Street and back to Exposition Boulevard. The District includes approximately 376 taxable properties.

The District has no employees and has contracted out the administrative function of the organization to an independent contractor that provides an office and a professional staff member.

As approved by a majority of voters of the District in November 2002, the operations of the District will be funded beginning in 2003 through 2010 by the imposition of a special tax on all taxable real property within the District.

Note 2. Summary Of Significant Accounting Policies

Basis Of Presentation:

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

Audubon Area Security District

Notes To Financial Statements

Reporting Entity:

The District is the basic level of government, which has financial accountability and control over all affairs of the District related to promoting and encouraging the security of the Audubon area in Orleans Parish. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, because the majority of Board members are appointed by the public, and said Board has decision making authority, the authority to set rates (within legally prescribed limits), the power to designate management, the ability to significantly influence operations, and has primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 14, which are included in the District's reporting entity.

Fund Accounting:

Due to the nature of the organization and its present operations, all revenues and expenditures of the District are accounted for in the General Fund, a governmental fund type. This fund is the general operating fund of the District. It is used to account for all financial resources of the District.

Basis Of Accounting:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Audubon Area Security District

Notes To Financial Statements

Fund Financial Statements

The amounts reflected in the General Fund Statements, are accounted for using a current financial resources measurement focus. Measurement focus refers to what is being measured; basis of accounting refers to timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The revenues and expenditures of the District are accounted for in the General Fund (a governmental fund type). Governmental funds use a current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, if measurable.

Reconciliation:

On pages 11 and 13 are the reconciliations of the items reflected in the fund financial statements to the government-wide financial statements.

Budget Practices:

The proposed budget, prepared on the modified accrual basis of accounting, is submitted to the Board of Commissioners prior to the beginning of each fiscal year. The budget is made available for public inspection and is then legally adopted by the Board. The budget is established and controlled by the District, and is amended during the year, as necessary. All budgetary appropriations lapse at the end of the year and must be reappropriated for the following year to be expended.

Cash:

Cash includes amounts in interest bearing demand deposits. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Audubon Area Security District

Notes To Financial Statements

At December 31, 2003, the District had cash (book balances) totaling \$3,360 in interest bearing demand deposits. These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Investments:

The District does not have any investments other than cash invested in an interest bearing checking account. Funds held in a custodial account of the Board of Liquidation, City Debt, are invested in fully secured certificates of deposit and/or obligations of the U. S. Government.

Receivables:

For purposes of the government-wide financial statements, taxes receivable are shown net of an allowance for uncollective taxes. This is the first year of operations of the District; therefore, management has determined an allowance for uncollective taxes based on collections during the year. The allowance for uncollective taxes as of December 31, 2003 was stated at \$15,844.

Risk Management:

The District is exposed to various risks of loss related to torts, and theft of, damage to and destruction of assets. The District did not acquire insurance in its initial year of operations to handle such risk of loss. However, the contractor for the security patrol services in the District maintains commercial insurance policies covering general liability and property insurance.

Note 3. Special Ad Valorem Taxes

Annually, the District submits a plan to the City Council of New Orleans to levy and collect a special ad valorem tax, not to exceed nineteen (19) mills, on all taxable real property situated within the boundaries of the District.

Audubon Area Security District

Notes To Financial Statements

The City of New Orleans levies and collects the special taxes for the District in the same manner and at the same time as all other ad valorem taxes on property subject to taxation by the City of New Orleans are levied and collected. Specifically, with regards to the District, the special ad valorem taxes are assessed in August, levied in December, and the ensuing tax bills are mailed later in December. Ad valorem taxes are due by January 31, and are normally collected in January and February. The City is permitted to retain one percent (1%) of the amount collected as a collection fee.

Tax receipts are paid over to the Board of Liquidation, City Debt, day by day as collected. The Board of Liquidation, City Debt, serves in a custodial capacity for the District, and the funds collected are deposited in a special account until warranted by the District.

The District records the special ad valorem taxes as receivables and revenues in the year the taxes become due.

Note 4. Receivables

Funds held in a custodial account of the Board of Liquidation, City Debt which have not been warranted by the District consisting of ad valorem taxes and interest	\$ 58,610
Ad valorem taxes due from taxpayers	28,401
Tax collection fee	(1,060)
Allowance for doubtful accounts	<u>(15,844)</u>
	<u>\$ 70,107</u>

Note 5. Pension Plan

The District has no employees and is not a member of any retirement plan.

Note 6. Litigation And Claims

There was no litigation that came to our attention that would require disclosure in the accompanying financial statements. The Board is not aware of any potential or threatened claims.

Audubon Area Security District

Notes To Financial Statements

Note 7. **Compensation Paid To Board Members**

The members of the Board of Commissioners of the District receive no compensation for their services.

Note 8. **Other Commitments And Contingencies**

The District has a contract/security services agreement with a company that provides guard patrol services for the protection of the property and persons located within the boundaries of the District. The contract has no long-term commitment. Total expenditures under the contract for 2003 were \$34,667.

Required Supplemental Information (Part II)

Audubon Area Security District
Schedule Of Revenues, Expenditures, And
Changes In Fund Balance -
Budget And Actual - General Fund
For The Year Ended December 31, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> Favorable (Unfavorable)	<u>%</u> Variance
Revenues				
Ad valorem taxes (net of fees)	\$ 120,656	\$ 93,474	\$ (27,183)	
Interest earned	-	244	244	
	<u>120,656</u>	<u>93,718</u>	<u>(26,938)</u>	-22.3
Expenditures				
Patrol and security services	97,645	34,667	62,978	
Administrative and office expense	3,000	5,921	(2,921)	
Accounting and legal services	6,600	2,500	4,100	
Other expenses	13,411	244	13,167	
	<u>120,656</u>	<u>43,332</u>	<u>77,324</u>	64.1
Net Change In Fund Balance	-	50,386	50,386	
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance At End Of Year	<u>\$ -</u>	<u>\$ 50,386</u>	<u>\$ 50,386</u>	

The budget amounts indicated above are the original amounts. There were no amendments made during the year.

See Accompanying Notes And Accountant's Compilation Report

Other Reports

PEDELAHORE & CO., LLP
Certified Public Accountants

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the Board of Commissioners
Audubon Area Security 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 management of Audubon Area Security District (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Audubon Area Security District's compliance with certain laws and regulations during the period 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. 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.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures meeting the above criteria.

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 ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Not applicable; the District has no employees.

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

Not applicable; the District has no employees.

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.

Not applicable; the District has no employees.

Budgeting

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

Management provided us with a copy of the original budget. There were no budget amendments during the year.

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

We traced the adoption of the original budget to the minutes of a meeting held on November 21, 2002, which indicated that the budget had been adopted by the Board of Commissioners by a majority vote.

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.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures for the year varied from budgeted amounts as follows:

Revenues	- 22.3%
Expenditures	64.1%

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:

The District made only three disbursements during 2003. We examined the supporting documentation for each of the three 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,

All of the payments were properly coded to the correct fund and general ledger accounts.

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

Inspection of the cancelled checks for each of the three selected disbursements indicated that all checks were properly signed by authorized by two officials. No further approval was required.

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).

The District is only required to post a notice of each meeting and the accompanying agenda no less than twenty-four hours before the meeting. Although management has asserted that such documents were properly posted, we could find no evidence supporting assertion other than an unmarked copy of the agendas.

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.

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.

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, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the types of payments noted. Inspection of payroll records was not appropriate, as the District has no employees.

This was the District's initial year of operations. Accordingly, there were no prior period findings.

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 the 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 Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 14, 2004

Audubon Area Security District
Schedule Of Findings And Management's Corrective Action Plan
For The Year Ended December 31, 2003

The findings presented in the Independent Accountant's Report on Agreed-Upon Procedures are discussed below. The findings are numbered consistently with the numbers assigned in the report.

Procedure 7. – Budgeting

Finding:

Actual revenues failed to meet budgeted revenues by 22.3% (or approximately \$26,938). Management has informed us that the City of New Orleans officials have been contacted and informed of the matter, but collectively, they have not been able to determine the cause of the variance in tax collections as of this date.

Possible causes of the variance may result from a difference in the amount of tax levied on each taxable property compared with the approved budgeted amount, or the possibility that taxes collected by the City for the District were inadvertently credited to another (custodial) account maintained by the City.

Recommendation:

We recommend that management make further contact with the appropriate City officials to the extent necessary to determine a definitive solution.

Management's response and plan of corrective action:

Very recently we discussed this matter with the City of New Orleans, Bureau of Treasury, and they have agreed to provide us with a report reconciling billing and collection activity of the District for 2003. If necessary we will again contact the Assessor's office or the Department of Finance; we will continue to pursue this matter until it is resolved.

Procedure 9. – Meetings

Finding:

There was no record maintained in the minutes of the posting of a meeting agenda in accordance with the open meetings law.

Recommendation:

We recommend that confirmation of proper meeting notice be recorded in the minutes.

Management's Response:

We have complied with the law requiring the posting of meeting notices, albeit we did not note that the meetings were posted in our minutes. We concur with the recommendation, and effective with our next regularly scheduled meeting, we will confirm the posting in the minutes.

Name of Contact Person for management's planned corrective action: Ms. Shelley Landrieu, Executive Director, (504) 529-4341.

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.
Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.
Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.
Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.
Not Applicable – The District has no employees Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Eric C. Hansen</u>	Secretary	<u>29 MAR 04</u>	Date
<u>Lisa L. Miller</u>	Treasurer	<u>3/29/04</u>	Date
<u>Jim McAdams</u>	President	<u>3/29/04</u>	Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.

PEDELAHORE & CO., LLP
Certified Public Accountants

Management Letter

To the Board of Commissioners
Audubon Area Security District
New Orleans, Louisiana

We have completed our compilation/attest engagements of the Audubon Area Security District for the year ended December 31, 2003. As part of our engagements we have issued our compilation report on the financial statements, dated May 25, 2004, and our report on applying certain agreed-upon procedures, dated May 25, 2004.

In accordance with our arrangements made with you in conjunction with the above engagements, our work did not include a review or study and evaluation of the internal control structure. Accordingly, we express no opinion on the effectiveness of the District's internal control over financial reporting, compliance with laws or regulations, or any part thereof. However, in performing the services referred to above we became aware of the following matters, which represent suggestions for improved internal controls.

Suggestion 2003-1. Reconcile Bank Accounts to the End of Month Control Balance

Condition:

We noted that monthly bank statements were not reconciled to the District's check register balance or the end of month general ledger control balance.

Reason for Improvement:

If accounts are not reconciled to the general ledger control balance, necessary end-of-month adjustments may not be recorded timely, and monthly financial statements could be distorted.

Recommendation:

We suggest that bank statements be reconciled to the check register and to general ledger cash account as of the end of the month.

Management's response and corrective action:

We concur with the finding and will implement this procedure upon preparation of the next monthly bank reconciliation.

We recommend that management address the foregoing matters as improvements to operations and the administration of public programs. We are available and would be pleased to further explain the suggestions or to assist in their implementation.

Because of the restricted nature of our work this letter is intended solely for the use of management of the District and the Legislative Auditor, State of Louisiana. However, under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

Pedelakow & Co., LLP

June 14, 2004