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**Lake Terrace Crime Prevention 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 9-1-03

Lake Terrace Crime Prevention District

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PEDELAHORE & CO., LLP
Certified Public Accountants

June 14, 2004

Legislative Auditor
Post Office Box 94397
1600 North 3rd Street
Baton Rouge, Louisiana 70804

Re: Lake Terrace Crime Prevention District
New Orleans, Louisiana

We have completed the compilation/attest engagements of Lake Terrace Crime Prevention 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 Supplementary Information (Part I)

Lake Terrace Crime Prevention District
New Orleans, Louisiana

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

Our discussion and analysis of the Lake Terrace Crime Prevention 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 \$50,330, and resulted in ending net assets of \$50,330.

The total spending for the governmental activity was \$92,798 for the year, which was \$50,330 less than the fees and donations received for this activity, or \$143,128. The interest earned on bank checking and savings accounts was \$592 for the year.

Also, the District received a one-time donation of \$13,935, which was transferred to the District from a surplus in a private fund (that was initially established to pay a prior private security service in the District).

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>\$ 52,830</u>
Current liabilities	
Total liabilities	<u>2,500</u>
Net Assets:	
Unrestricted	<u>50,330</u>
Total net assets	<u>\$ 50,330</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 \$50,330, 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	\$ 143,128
Expenditures	<u>92,798</u>
Change In Net Assets	<u>\$ 50,330</u>

The District's total revenues increased by \$143,128. The total cost of all programs and services increased by \$92,798. 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 \$14,548 more than the budgeted amount while the expenditures were \$35,782 less than the budgeted amount. The increase in revenues over the budgeted amount was primarily due to donated funds of \$13,935. 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 fee of \$300 on each parcel of real property and has done so for the following year. It is anticipated that expenditures will increase in 2004 since the District will incur operating costs for the full twelve months of the year. The District expects that next year's expenditures will closer reflect the budgeted amounts.

Taking all factors into consideration, the District's general fund balance is expected to remain unchanged by the close of 2004.

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 Mr. Michael Flick, 6220 Perlita Drive, New Orleans, LA 70122-2148.

Financial Section

PEDELAHORE & CO., LLP
Certified Public Accountants

Accountant's Compilation Report

To the Board of Commissioners
Lake Terrace Crime Prevention District
New Orleans, Louisiana

We have compiled the accompanying basic financial statements of Lake Terrace Crime Prevention 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 Lake Terrace Crime Prevention 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 20, 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

Lake Terrace Crime Prevention District
Statement Of Net Assets
December 31, 2003

Statement A

Assets

Cash

\$ 52,830

52,830

Liabilities

Accrued expenses

2,500

2,500

Net Assets

Unrestricted net assets

50,330

\$ 50,330

See Accompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention District
Statement Of Activities
For The Year Ended December 31, 2003

Statement B

Expenditures

Patrol and security services	\$ 83,143
Administrative and other expenses	3,795
Insurance	3,360
Auditing and legal services	<u>2,500</u>
 Total expenditures	 <u>92,798</u>

Revenues

Parcel fees	128,601
Donations	13,935
Interest earned	<u>592</u>
 Total revenues	 <u>143,128</u>

Change In Net Assets

	50,330
Net assets at beginning of year	<u>-</u>
 Net Assets At End Of Year	 <u><u>\$ 50,330</u></u>

See Accompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention District
Balance Sheet
General Fund - Governmental Fund
December 31, 2003

Statement C

Assets

Cash	\$ <u>52,830</u>
------	------------------

Liabilities And Fund Balance

Accrued expenses	\$ <u>2,500</u>
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Fund Balance - unreserved and undesignated	<u>50,330</u>
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	\$ <u><u>52,830</u></u>
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See Accompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention District
Reconciliation Of The Governmentals Fund Balance Sheet
To The Government-Wide Statement Of Net Assets
December 31, 2003

Statement D

Total Fund Balance - Governmental Fund **\$ 50,330**

Amounts reported for governmental activities
in the Statement of Net Assets are different because:

There are no differences

-

Total Net Assets Of Governmental Activities **\$ 50,330**

See Accompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention District
Statement Of Revenues, Expenditures And
Changes In Fund Balance
General Fund - Governmental Fund
For The Year Ended December 31, 2003

	Statement E
Revenues	
Parcel fees	\$ 128,601
Donations	13,935
Interest earned	<u>592</u>
Total revenues	<u>143,128</u>
Expenditures	
Patrol and security services	83,143
Administrative and other expenses	3,795
Insurance	3,360
Auditing and legal services	<u>2,500</u>
Total expenditures	<u>92,798</u>
Net Change In Fund Balance	50,330
Fund Balance at Beginning of Year	<u>-</u>
Fund Balance At End Of Year	<u><u>\$ 50,330</u></u>

See Accompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention 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 **\$ 50,330**

Amounts reported for governmental activities
in the Statement of Activities are different because:

There are no differences

 -

Total Net Assets Of Governmental Activities **\$ 50,330**

See Acoompanying Notes And Accountant's Compilation Report

Lake Terrace Crime Prevention District

Notes To Financial Statements

Note 1. Introduction

The Lake Terrace Crime Prevention District (the District) is a special taxing district created by Act 34 of the Regular Session of 2002 of the Louisiana Legislature (Louisiana Revised Statute 33:9076 re-designated as Louisiana Revised Statute 33:9091.4), for the purpose of aiding in crime prevention and enhancing the security of the Lake Terrace area in the City of New Orleans.

The District is governed by a Board consisting of seven members (commissioners) who are residents of the District. The commissioners are appointed by the Lake Terrace Property Owners Association, the mayor, the city council, and the state senator and state representative(s) of the District. The commissioners are appointed on a rotating and staggered schedule of four-year terms, and serve without compensation.

The boundaries of the District shall be the center line of Robert E. Lee Boulevard, Pratt Drive, St. Bernard Avenue, the shoreline of Lake Pontchartrain and Lakeshore Drive. The District includes approximately 443 taxable properties.

The District has no employees.

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 parcel fee on all improved property located 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.

Lake Terrace Crime Prevention 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 aiding and enhancing the security of the Lake Terrace 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 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 reflects 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.

Lake Terrace Crime Prevention 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.

Lake Terrace Crime Prevention District

Notes To Financial Statements

At December 31, 2003, the District had cash (book balances) totaling \$52,830 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.

Risk Management:

The District is exposed to various risk of loss related to torts; and theft of, damage to and destruction of assets. To handle such risk of loss, the District maintains commercial insurance policies covering general liability and property insurance. There were no significant reductions in insurance coverage during the year ended December 31, 2003.

Note 3. Parcel Fees

Annually, the District submits a plan to the City Council of New Orleans to levy and collect a parcel fee of \$300 per each improved parcel of land and \$700 per each parcel of land with three or more family units within the boundaries of the District.

The City of New Orleans levies and collects the fees 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 fees are assessed in August, levied in December, and the ensuing tax bills are mailed later in December. Ad valorem taxes and parcel fees are due by January 31st, and are normally collected in January and February. The City must remit to the District all amounts collected not more than 60 days after collection. However, the City is permitted to retain one percent (1%) of the amount collected as a collection fee.

Lake Terrace Crime Prevention District

Notes To Financial Statements

Note 4. Pension Plan

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

Note 5. Litigation And Claims

The Board is not aware of any potential or threatened claims.

Note 6. Compensation Paid To Board Members

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

Note 7. Operating Agreement

In December 2002 the District entered into a cooperative endeavor agreement with the City of New Orleans whereby the City shall retain, as a collection fee, one (1) percent of all parcel fee amounts collected for the District. The agreement was effective December 1, 2002 and expires December 31, 2010. The City retained \$1,299 as collection fees for 2003.

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. Total expenditures under the contract for 2003 were \$83,120. In March 2004 the District entered into a new contract with a different security service for approximately \$8,930 per month. The contract has no long-term commitment.

Required Supplementary Information (Part II)

Lake Terrace Crime Prevention 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				
Parcel fees	\$ 128,580	\$ 128,601	\$ 21	
Donations	-	13,935	13,935	
Interest earned	-	592	592	
	<u>128,580</u>	<u>143,128</u>	<u>14,548</u>	11.3
Expenditures				
Patrol and security services	117,530	83,143	34,387	
Administrative and other expenses	5,050	3,795	1,255	
Insurance	-	3,360	(3,360)	
Auditing and legal services	6,000	2,500	3,500	
	<u>128,580</u>	<u>92,798</u>	<u>35,782</u>	27.8
Net Change In Fund Balance	-	50,330	50,330	
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance At End Of year	<u>\$ -</u>	<u>\$ 50,330</u>	<u>\$ 50,330</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
Lake Terrace Crime Prevention 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 Lake Terrace Crime Prevention District (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Lake Terrace Crime Prevention District'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. 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 or elected officials.

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

Not applicable; the District has no employees, and commissioners serve without compensation.

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 19, 2002, which indicated that the Board of Commissioners had adopted the budget 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 expenditures for the year did not exceed budgeted expenditures by 5% or more, and actual revenues did not fail to meet budgeted revenues by 5% or more.

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:

We examined supporting documentation for five of the six selected disbursements and found that payment for the those examined was for the proper amount and made to the correct payee. We were unable to locate the supporting documentation/invoice for one of the payments; however, management indicated that this was an approved expenditure.

- (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 the selected disbursements indicated that all checks were properly signed by authorized 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. Management has asserted that, initially, the board did not meet all the requirements for proper "notice of meetings," but they are currently in compliance.

We noted that several of the meeting minutes did not contain confirmation that proper public notice of all regular and special meetings was posted more than twenty-four hours before each meeting.

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 that 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, advance, or gifts.

The District has no employees. However, management has asserted that there was one instance where an employee of the patrol company (contracted by the District) had been paid a \$200.00 Christmas bonus.

A reading of the minutes of the District for the year did not indicate any similar payments. Upon further inspection we found no additional payments, which would constitute bonuses, advances or gifts.

This was the District's initial year of operation and reporting. 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.

Revelation Co., LLP

June 14, 2004

Lake Terrace Crime Prevention 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 8 (a) – *Accounting and Reporting*

Finding:

We were unable to locate the supporting documentation/invoice for one of the disbursements tested.

Recommendation:

A complete and proper audit trail encompasses documentation of a transaction from approval through the recording processes. In order to insure proper approval, payment and recording of all expenditures it is necessary to acquire and maintain the supporting documentation. We suggest that management insure that all supporting documents are appropriately filed.

Management's response and planned corrective action:

We concur with the finding and will insure that proper supporting documentation is obtained and filed accordingly.

Procedure 9. – *Meetings*

Finding:

In all but two instances, there was no record maintained in the minutes of proper meeting notices.

Recommendation:

We recommend that management post the meeting notice (including the related agenda) at least 24 hours in advance at the building or place of the regular meetings, or at a permanent public site located in and known to all residents of the District. Additionally, a copy of the notice and agenda should be recorded in the minutes along with appropriate confirmation.

Management's response and planned corrective action:

We are now compliant with the law requiring the posting of meeting notices, albeit we were not initially. We concur with the recommendation, and, effective with our next regularly scheduled meeting, we will file a copy of the notice and agenda with the minutes, and confirm that the meeting notice was posted at least 24 hours in advance.

Procedure 11. – *Advances and Bonuses*

Finding:

Management indicated that a Christmas Bonus (or gift) in the amount of \$200.00 was paid to an employee of the security patrol company contracted with the District.

Christmas bonuses (or gifts) are prohibited transactions in violation of La. Const. Art. VII, Sec. 14, which in part reads as follows: "...the funds, credit, property, or things of value of the State or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private."

Recommendation:

We suggest that the District seek further guidance in the relevant laws, publications and journals (or the Office of the Attorney General) when questionable matters arise.

Management's response and planned corrective action:

This was an isolated instance and we were not aware of the law; expenditures of this nature will not occur in the future.

Name of Contact Person for management's planned corrective action: Mr. Michael Flick, (504) 283-9870.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
January 29, 2004 (Date Transmitted)

Pedelahore & Co., LLP

1010 Common St., Suite 2100

New Orleans, LA 70112

(Auditors)

In connection with your compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 18, 2004.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Not Applicable

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Not Applicable – See below

Yes [] No []

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

Meetings

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

Initially, we did not meet all the requirements for proper "Notice of Meetings," but we are currently in compliance.

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 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.
Yes No

With the exception of one instance, whereby we paid a Christmas bonus of \$200 to an independent contractor, we have complied with the above LA laws concerning "Advances and Bonuses."

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.

 Secretary _____ Date _____
 Treasurer June 15, 2004 Date _____
President June 15, 2004 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
Lake Terrace Crime Prevention District
New Orleans, Louisiana

We have completed our compilation/attest engagements of the Lake Terrace Crime Prevention District (the District) for the year ended December 31, 2003. As part of our engagements we have issued our compilation report on the financial statements, dated June 14, 2004, and our report on applying certain agreed-upon procedures, dated June 14, 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. Segregation of Duties – Incompatible Responsibilities

Condition:

Due to the limited availability of personnel, the Treasurer has the following responsibilities: (1) receives the monthly bank statements, (2) performs reconciliations of the bank accounts, (3) approves, writes and signs checks up to the authorized amount, and (4) maintains accounting records and journals.

Reason for improvement:

Under a desirable internal control structure, the access/custody, recording and monitoring of funds should not be under the control of or performed by the same individual.

Recommendation:

Realizing that the District has no employees and that certain limitations may be inherent in its operations, we suggest the following procedures to mitigate the identified control weaknesses:

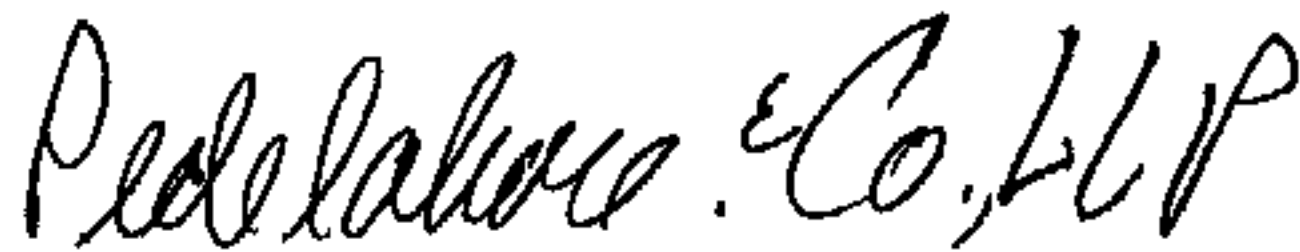
1. Have an official (other than the Treasurer) review the monthly bank statements and canceled checks for unusual transactions or activities, and periodically agree the bank statements with the bank reconciliations.
2. Consider requesting the City to provide an accounting on a periodic (possibly, semi-annual) basis of all fees collected and remitted to the District during the period. The information provided by the City could then be presented to the board at a regular meeting and agreed to or reconciled with the District's financial reports.

Management's response and planned corrective action:

We concur with the finding and will consider means of implementing the suggested procedures, or other appropriate alternatives.

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.



June 14, 2004