

Financial Report

Mid-City Security District
New Orleans, Louisiana

December 31, 2024



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New Orleans, Louisiana

December 31, 2024

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December 31, 2024

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Mid-City Security District,
New Orleans, Louisiana.

Opinions

We have audited the accompanying financial statements of the governmental activities of the Mid-City Security District (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of December 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date April 17, 2025, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 10, and the required supplementary information on pages 27 and 28, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplementary information, on page 29, is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513 (A)(3) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bougeois Bennett, L.L.C." in a cursive script.

Certified Public Accountants.

New Orleans, Louisiana,
April 17, 2025.

MANAGEMENT’S DISCUSSION AND ANALYSIS

Mid-City Security District
New Orleans, Louisiana

December 31, 2024

The Management’s Discussion and Analysis (MD&A) of the Mid-City Security District’s (the “District”), financial performance presents a narrative overview and analysis of the District’s financial activities as of and for the year ended December 31, 2024. It identifies changes in the District’s overall financial position and results of operations and assists the user in determining whether the financial position has improved or deteriorated as a result of the year’s operations. It also identifies any significant variations from the original budget amounts and includes any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity; and identifies individual issues or concerns. The MD&A focuses on the current year’s activities, resulting changes, and currently known facts.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of the MD&A should read and evaluate all sections of this report, including the notes to financial statements and required supplemental information section (RSI) that are provided in addition to this MD&A.

OVERVIEW OF THE FINANCIAL STATEMENTS

This MD&A is intended to serve as an introduction to the District’s basic financial statements. The District’s financial report consists of four parts: (1) MD&A (this section), (2) basic financial statements, (3) required supplementary information, and (4) special reports by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the District:

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private sector business. Under this format, all governmental activities are consolidated into columns which add to a total for the governmental entity. For the District, only governmental activities are included in the presentation. Accordingly, there is no “totals” column in the presentation.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Government-Wide Financial Statements (Continued)**

- a. The Statement of Net Position presents information on all of the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as the net position. Over time, increases or decreases in the net position (and changes in the components of net position) may serve as a useful indicator of whether the financial position of the District is improving or weakening.
- b. The Statement of Activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. The format for the Statement of Activities presents the expenses for each function reduced by the program revenues directly related to the program to determine net program expenses.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources which have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one categories of funds to account for financial transactions: governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund (the "General Fund"). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement, page 27, and the note to budgetary reporting have been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 11 through 16 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 17 of this report.

FINANCIAL HIGHLIGHTS

The financial statements provide details of the current year operations summarized as follows:

- The governmental activities reported total ending fund balance of \$406,441. This compares to the prior year ending fund balance of \$595,475 showing a decrease of \$189,034 during the current year.
- During the year, the District generated fees and other revenues of \$946,877 that were \$189,034 less than the \$1,135,911 of expenses.
- Revenues decreased by \$31,582 or approximately 3.23% from the prior year.
- Total expenses increased by \$220,608 or approximately 24.10% from the prior year.

Statements of Net Position and Statements of Activities

Presented below are condensed Statements of Net Position and Statements of Activities for the District. The condensed format allows the reader to view the overall financial position of the District. Explanations of the components of the statements are included immediately following the statements.

Condensed Statements of Net Position

	Total Governmental Activities		Increase (Decrease)	Percentage Change
	2024	2023		
Cash and other current assets	\$ 1,222,425	\$ 959,116	\$ 263,309	27.45%
Liabilities	815,984	363,641	452,343	124.39%
Net position: Restricted	\$ 406,441	\$ 595,475	\$ (189,034)	-31.75%

FINANCIAL HIGHLIGHTS (Continued)**Statements of Net Position and Statements of Activities (Continued)****Condensed Statements of Activities**

	Total Governmental Activities		Increase (Decrease)	Percentage Change
	2024	2023		
Revenues:				
Parcel fees	\$ 943,121	\$ 975,028	\$ (31,907)	-3.27%
Interest income	3,756	3,431	325	9.47%
Total revenues	946,877	978,459	(31,582)	-3.23%
Expenses:				
Crime prevention and security	1,135,911	915,303	220,608	24.10%
Increase (decrease) in net position	(189,034)	63,156	(252,190)	-399.31%
Beginning net position	595,475	532,319	63,156	11.86%
Ending net position	\$ 406,441	\$ 595,475	\$ (189,034)	-31.75%

Parcel fees decreased by \$31,907 in 2024 as compared to 2023. Expenses for the District increased by \$220,608 in 2024 as compared to 2023. The expenses were higher in 2024 mainly due to an increase in patrol and security services and a full year of the third party contractor to perform some patrols.

The District's net position decreased by \$189,034 as a result of this year's operations. The balance in net position represents the accumulated results of all past years' operations. The District's total revenues for the year were \$946,877 and all revenues were charges for services and interest income. The total cost of all programs and services was \$1,135,911 with no new programs added this year.

Financial Analysis of Governmental Funds

The District maintains only one "governmental fund" - the General Fund. The General Fund Balance Sheet is on page 13 of this report and the Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance is on page 15 of this report.

Under the modified-accrual basis for fund financial statements, the emphasis is on accounting for current financial resources of the District. The analysis in this section includes a discussion of the General Fund financial statements.

As of December 31, 2024, the General Fund reported total fund balance of \$406,441, a decrease of \$189,034 from the prior year total fund balance. This decrease is due to revenues of \$946,877 being less than expenditures of \$1,135,911. The District is focused on reducing expenditures in order to maintain a positive fund balance. The District tries to maintain spending levels at revenue levels.

FINANCIAL HIGHLIGHTS (Continued)**Analysis of the General Fund Budget**

The budget for the General Fund, which was amended during 2024, was as follows:

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Revenues:				
Program revenues	\$ 955,000	\$ 935,595	\$ (19,405)	-2.03%
Interest income	<u>3,500</u>	<u>3,700</u>	<u>200</u>	5.71%
Total revenues	958,500	939,295	(19,205)	-2.00%
Expenditures:				
Patrol and security services	850,630	1,021,098	170,468	20.04%
Insurance	26,000	24,343	(1,657)	-6.37%
Professional fees	40,000	34,429	(5,571)	-13.93%
Newsletter	10,000	7,465	(2,535)	-25.35%
Equipment	20,000	502	(19,498)	-97.49%
Other operating expenses	<u>2,500</u>	<u>8,198</u>	<u>5,698</u>	227.92%
Total expenditures	<u>949,130</u>	<u>1,096,035</u>	<u>146,905</u>	15.48%
Excess of revenues over expenditures (deficiency of expenditures over revenues)	9,370	(156,740)	(166,110)	
Beginning fund balance	<u>583,478</u>	<u>595,475</u>	<u>11,997</u>	2.06%
Ending fund balance	<u>\$ 592,848</u>	<u>\$ 438,735</u>	<u>\$ (154,113)</u>	-26.00%

When the budget for the year ended December 31, 2024 was originally prepared, revenues and expenditures were reflected in a conservative manner. The budget was amended to reflect a decrease in revenues and an increase in expenses. The expected changes materialized, and actual revenues and expenditures approximated the amended budget.

FINANCIAL HIGHLIGHTS (Continued)**Economic Factors and Next Year's Budget**

The District must consider many variables when budgeting for the coming fiscal year. Included in these factors are changing laws and regulations, economic circumstances, and historical trends.

A summary of the current budget for the year ending December 31, 2025 follows:

Condensed Budget

Revenue	\$ 1,238,719
Expenditures:	
Operations	<u>1,178,790</u>
Excess of expenditures over revenues	<u>\$ 59,929</u>

The District's major source of funding is parcel fees. For the year ending December 31, 2025, it is anticipated that parcel fees will increase. The District maintains a conservative estimate of revenues. Parcel revenue is solely determined by the taxes collected from Mid-City residents during the year.

The District expects budgeted expenditures to increase and remain consistent with estimated revenues.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Mid-City Security District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ms. Wendy Laker, Mid-City Security District, P.O. Box 791360, New Orleans, Louisiana 70179.

STATEMENT OF NET POSITION**Mid-City Security District**
New Orleans, Louisiana

December 31, 2024

Assets

Cash and cash equivalents	\$ 1,207,302
Prepaid insurance	<u>15,123</u>
Total assets	1,222,425

Liabilities

Accounts payable (See Note 5)	<u>815,984</u>
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Net Position

Restricted for crime prevention and security	<u><u>\$ 406,441</u></u>
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See notes to financial statements.

STATEMENT OF ACTIVITIES**Mid-City Security District**

New Orleans, Louisiana

For the year ended December 31, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenues and Change in Net Position</u>
Governmental activities:			
Crime prevention and security	<u>\$ 1,135,911</u>	<u>\$ 943,121</u>	\$ (192,790)
General revenues:			
Interest income			<u>3,756</u>
Change in net position			(189,034)
Net position - beginning			<u>595,475</u>
Net position - ending			<u>\$ 406,441</u>

See notes to financial statements.

GOVERNMENTAL FUND BALANCE SHEET**Mid-City Security District**

New Orleans, Louisiana

December 31, 2024

ASSETS

Cash and cash equivalents	\$ 1,207,302
Prepaid insurance	<u>15,123</u>
Total assets	<u><u>\$ 1,222,425</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable (See Note 5)	<u>\$ 815,984</u>
Fund balance:	
Nonspendable:	
Prepaid expenses	15,123
Restricted for crime prevention and security	<u>391,318</u>
Total fund balance	<u>406,441</u>
Total liabilities and fund balance	<u><u>\$ 1,222,425</u></u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
SHEET TO THE STATEMENT OF NET POSITION**

Mid-City Security District
New Orleans, Louisiana

December 31, 2024

Fund Balance - Governmental Fund	\$406,441
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Amounts reported for governmental activities in the
statement of net position are different because:

There are no differences.

Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; width: 100%;"> <div style="text-align: right; width: 100%;">-</div> </div>
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See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE**

**Mid-City Security District
New Orleans, Louisiana**

For the year ended December 31, 2024

Revenues

Fees, charges, and commissions for services:

Parcel fees	\$ 943,121
Interest income	<u>3,756</u>

Total revenues	<u>946,877</u>
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Expenditures

General government:

Patrols and security services	1,050,890
Insurance	24,820
Professional fees	34,933
Equipment	502
City collection fee	9,451
Other operating expenses	7,849
Newsletter	<u>7,466</u>

Total expenditures	<u>1,135,911</u>
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Deficit of Revenues Over Expenditures	(189,034)
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Fund Balance

Beginning of year	<u>595,475</u>
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End of year	<u><u>\$ 406,441</u></u>
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See notes to financial statements.

RECONCILIATION OF THE GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Mid-City Security District
New Orleans, Louisiana

For the year ended December 31, 2024

Excess of Revenues Over Expenditures - Governmental Fund	\$(189,034)
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Amounts reported for governmental activities in the
statement of activities are different because:

There are no differences.

Change in Net Position of Governmental Activities	<div style="border-top: 1px solid black; border-bottom: 3px double black;">\$(189,034)</div>
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See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Mid-City Security District**
New Orleans, Louisiana

December 31, 2024

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mid-City Security District (the "District") was created as a public body by Acts of the Louisiana Legislature, 2008, No. 925, 2014, No. 767; 2022, No. 346 and 2023, No. 162; La. R.S. 33:9091.14 to aid in crime prevention and to add to the security of the District residences by providing for an increase in the presence of law enforcement personnel in the District. The Board of Commissioners is constituted by seven appointed members. The Mid-City Neighborhood Organization or its successor shall appoint four members. The City Park Neighborhood Association or its successor shall appoint three members. All members appointed shall be qualified voters and residents of the District. Board members appointed serve three-year terms. Board members are not compensated or reimbursed for expenses.

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

The governing authority of the City of New Orleans is authorized to impose and collect a parcel fee within the District. For these services, the City of New Orleans imposes a 1% collection fee based on the gross amount of the parcel fee collected. The amount of the parcel fee is determined by an adopted resolution of the Board of Commissioners of the District. The fee shall be a flat fee such that for each residential parcel which is unimproved or contains a single-family dwelling, condominium, townhouse, or two-family dwellings, the fee shall be a flat fee not to exceed \$250 per year. For each residential parcel which contains three- or four-family dwellings, the fee shall be a flat fee not to exceed \$300 per year. For each residential parcel which contains five to nine rental units, the fee shall be a flat fee not to exceed \$600 per year. For each residential parcel which contains ten to nineteen rental units, the fee shall be a flat fee not to exceed \$1,000 per year. For each residential parcel which contains twenty to thirty-nine rental units, the fee shall be a flat fee not to exceed \$2,000 per year. For each residential parcel which contains forty or more rental units, the fee shall be a flat fee not to exceed \$4,000 per year. For residential parcels subject to a special assessment level pursuant to Article VII, Section 18(G) of the Constitution of Louisiana, the fee shall be a flat fee per parcel of land not to exceed \$150 per year. For commercial parcels, the fee shall be a flat fee per parcel of land not to exceed \$500 per year. The current fees expire on December 31, 2024 but can be extended approval of a majority of the registered voters of the District.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities for the fiscal period. Governmental activities generally are financed through parcel fees, and interest income.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of GASB Statement No. 34. Emphasis is now on the major funds. The daily accounts and operations of the District continue to be organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following are the governmental funds of the District:

General Fund

The General Fund, as provided by Louisiana Revised Statute (L.R.S.) 13:781, is the principal fund of the District and accounts for and reports the operations of the District's office. The various fees and charges due to the District's office are accounted for in this fund. General operating expenditures are paid from this fund. The General Fund is always considered a major fund.

b. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Measurement Focus and Basis of Accounting (Continued)

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues are derived directly from parcel fees and reduce the cost of the function to be financed from general revenues.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Revenues

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Interest income on cash balances is recorded when the income is available.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Measurement Focus and Basis of Accounting (Continued)

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The District does not allocate indirect costs.

c. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

d. Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the District adopted a budget for its General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings of the budget prior to adoption. The District amended its budget once during 2024. All budgeted amounts which are not expended or obligated through contracts lapse at year end.

e. Cash and Cash Equivalents

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

f. Receivables

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

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Prepaid Expenses

Payments made to vendors that will benefit periods beyond December 31, 2024 are recorded as prepaid expenditures. These amounts are equally offset by a fund balance classification of nonspendable which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Prepaid expenses as of December 31, 2024 were \$15,123.

h. Fund Equity

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - This component of net position reports net position that does not meet the definition of “restricted” or “invested in capital assets”.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2024, the District did not have any unrestricted equity or equity classified as invested in capital assets.

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for a specific purpose because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Fund Equity (Continued)

Fund Financial Statements (Continued)

Committed - Amounts that can be used only for specific purposes determined by a formal decision of the District. There was no committed equity as of December 31, 2024.

Assigned - The assigned amounts are designated as committed by the District but are not spendable until a budget is adopted. There was no assigned equity as of December 31, 2024.

Unassigned - All amounts not included in other spendable classifications. The District has not adopted a policy to maintain the general fund's unassigned fund balance above a certain minimum level. There was no unassigned equity as of December 31, 2024.

For classification of Governmental Fund balance, the District considers an expenditure to be made from the most restrictive first when more than one classification is available. The District's fund balance as of December 31, 2024 totaled \$479,195 of which \$464,072 was classified as restricted and \$15,123 was classified as nonspendable as this balance related to prepaid expenses.

i. New Pronouncements

During the year ended December 31, 2024, the District implemented the following GASB Statements:

Statement No. 99, "*Omnibus 2022*" provides objectives to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements and accounting and financial report for financial guarantees. This Statement did not affect the District's financial statements.

Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" provides guidance to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement did not affect the District's financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. New Pronouncements (Continued)

Statement No. 101, “*Compensated Absences*” provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. This Statement did not affect the District’s financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 102 “*Certain Risk Disclosures*” defines concentrations and constraints. The Statement also requires governments to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact and whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Additional disclosures are to be included if reporting criteria is met which will provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 103, “*Financial Reporting Model Improvements*” provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The Statement establishes new or modifies existing requirements related to Management’s Discussion and Analysis (MD&A), unusual or infrequent items, presentation of proprietary fund statement of revenues, expenses, and changes in fund net position, information about major component units in basic financial statements, and budgetary comparison information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has yet to determine the effect of this Statement on the financial statements.

Note 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. New Pronouncements (Continued)

Statement No. 104, "*Disclosure of Certain Capital Assets*" provides guidance on the requirements of certain types of capital assets disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance With Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management has yet to determine the effect of this Statement on the financial statements.

j. Reconciliations of Government-Wide and Fund Financial Statements

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

k. Subsequent Events

The District evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 17, 2025, which is the date the financial statements were available to be issued.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-2) commercial paper of domestic corporations.

Bank Deposits

State law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

The bank balance as of December 31, 2024 is as follows:

	<u>Bank Balance</u>	<u>Reported Amount</u>
Cash	<u>\$ 1,208,240</u>	<u>\$ 1,207,302</u>

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has a written policy for custodial credit risk. As of December 31, 2024, \$958,240 of the District's bank balances of \$1,208,240 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging institution's trust department or agent and by state statute are deemed to be held in the District's name.

As of December 31, 2024, bank balances were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the District. The GASB considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement No. 40, L.R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budget

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections and public hearings. The District then legally adopts the budget. Budgeted amounts for the general fund included in the accompanying statements are as amended by the District for the year 2024.

The budget is prepared on the accrual basis of accounting.

Note 4 - LITIGATION AND CLAIMS

As of December 31, 2024, the District was not involved in litigation nor is the District aware of any unasserted claims.

Note 5 - DUE TO LOCAL GOVERNMENT

Included in accounts payable are amounts due to local government of approximately \$800,000 as of December 31, 2024. This amount represents funds due to the City of New Orleans - NOPD related to reimbursements for crime prevention and patrol services in the Mid-City area. Approximately \$275,000 of this balance is disputed by the District.

REQUIRED SUPPLEMENTARY INFORMATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Mid-City Security District
New Orleans, Louisiana

For the year ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:				
Parcel fees	\$ 955,000	\$ 935,595	\$ 943,121	\$ 7,526
Interest income	<u>3,500</u>	<u>3,700</u>	<u>3,756</u>	<u>56</u>
Total revenues	<u>958,500</u>	<u>939,295</u>	<u>946,877</u>	<u>7,582</u>
Expenditures:				
Patrol and security services	850,630	1,021,098	1,050,890	29,792
Insurance	26,000	24,343	24,820	477
Professional fees	40,000	34,429	34,933	504
Newsletter	10,000	7,465	7,466	1
City collection fee	-		9,451	9,451
Equipment	20,000	502	502	-
Other operating expenses	<u>2,500</u>	<u>8,198</u>	<u>7,849</u>	<u>(349)</u>
Total expenditures	<u>949,130</u>	<u>1,096,035</u>	<u>1,135,911</u>	<u>39,876</u>
Excess (deficiency) of revenues over expenditures	9,370	(156,740)	(189,034)	<u>\$ 47,458</u>
Fund Balance				
Beginning of year	<u>583,478</u>	<u>595,475</u>	<u>595,475</u>	
End of year	<u>\$ 592,848</u>	<u>\$ 438,735</u>	<u>\$ 406,441</u>	

**NOTE TO REQUIRED SUPPLEMENTARY
INFORMATION - BUDGETARY REPORTING**

Mid-City Security District
New Orleans, Louisiana

For the year ended December 31, 2024

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements.

Budgetary Information

As required by the L.R.S. 39:1301-1315, the District adopted a budget for its General Fund for the year ended December 31, 2024 and it was made available for public inspection on September 1, 2023 and was published in the Official Journal on September 1, 2023. The budget hearing was held on September 20, 2023. The budget for the year ended December 31, 2024 was amended. The amended budget was made available for public inspection on December 4, 2023 and was published in the official journal on December 4, 2023. The budget hearing was held on December 14, 2023. The amended budget was legally adopted, as necessary, by the District. All appropriations lapse at year end.

Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements include the original adopted budget.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Mid-City Security District
New Orleans, Louisiana

For the year ended December 31, 2024

Agency Head Name: Wendy Laker, Board Chair

Purpose

Salary	\$	-
Benefits - insurance		-
Benefits - retirement		-
Benefits - other		-
Car allowance		-
Vehicle provided by government		-
Per diem		-
Reimbursements		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Special meals		-
		-
	\$	-

* There were no payments to the Agency Head during 2024. The District does not have employees.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners,
Mid-City Security District,
New Orleans, Louisiana.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Mid-City Security District (the “District”) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated April 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,
April 17, 2025.

SCHEDULE OF FINDINGS AND RESPONSES

Mid-City Security District New Orleans, Louisiana

For the year ended December 31, 2024

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

b) Federal Awards

The Mid-City Security District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2024 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

No internal control over financial reporting and compliance and other matters material to the financial statements were noted.

Section III - Federal Award Findings and Questioned Costs

The Mid-City Security District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2024 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Mid-City Security District

New Orleans, Louisiana

For the year ended December 31, 2024

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2023.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2023.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2023.

Section II - Federal Award Findings and Questioned Cost

The Mid-City Security District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2023 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued for the year ended December 31, 2023.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Mid-City Security District New Orleans, Louisiana

For the year ended December 31, 2024

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the financial statements for the year ended December 31, 2024.

No significant deficiencies were reported during the audit of the financial statements for the year ended December 31, 2024.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended December 31, 2024.

Section II - Internal Control and Compliance Material to Federal Awards

The Mid-City Security District did not expend federal awards in excess of \$750,000 during the year ended December 31, 2024 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued for the year ended December 31, 2024.