

**Garden District's Security District
New Orleans, Louisiana**

Annual Financial Statements
And Accompanying Reports And Information

For The Year Ended December 31, 2022

Table Of Contents

	Statement	Page
Required Supplementary Information (Part I)		
Management's Discussion And Analysis		2
Financial Section		
Independent Auditor's Report		7
Basic Financial Statements		
Government-Wide Financial Statements		
Statement Of Net Position	A	11
Statement Of Activities	B	12
Fund Financial Statements		
Balance Sheet	C	13
Reconciliation Of The Governmental Funds Balance Sheet To The Government-Wide Statement Of Net Position	D	14
Statement Of Revenues, Expenditures, And Changes In Fund Balance	E	15
Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities	F	16
Notes To Financial Statements		17

Table Of Contents (continued)

	Page
Required Supplementary Information (Part II)	
Schedule Of Revenues, Expenditures And Changes In Fund Balance – Budget And Actual – General Fund	25
Other Supplementary Information	
Schedule of Compensation, Benefits And Other Payments To Agency Head, Political Subdivision Head Or Chief Executive Officer	27
Other Reports And Information	
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 <i>Government Auditing Standards</i>	29
Summary Schedule Of Prior Year Findings	31
Schedule Of Current Year Findings	32

Required Supplementary Information (Part I)

Garden District's Security District
New Orleans, Louisiana
Management's Discussion And Analysis
For The Year Ended December 31, 2022

Our discussion and analysis of the Garden District's Security District's financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

Financial Highlights

The financial statements included in this report provide insight into the financial status for the year.

- The Security District's operations increased total net position by \$22,883, and resulted in ending net position of \$1,086,042, or an increase of 2.1%.
- The total spending (expenses) for the governmental activity was \$780,296 for the year, which was \$22,883 less than the taxes and interest received for this activity, which totaled \$803,179.
- The interest earned on bank accounts and funds held in custody (at the Board of Liquidation, City Debt) was \$14,209 for the year.

Overview Of The Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary and other information, including other reports and schedules by certified public accountants and management. The Security District's operations are conducted through a general fund.

The basic financial statements are divided into the two following types:

Government-Wide Financial Statements

The statements in this section include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position 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 position, which may provide a useful indicator of whether the financial position of the Security District is improving or deteriorating.

Garden District's Security District
 New Orleans, Louisiana
 Management's Discussion And Analysis
 For The Year Ended December 31, 2022

The Statement of Activities presents information showing how the Security 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 the nature of the entity and its present operations, the Security District uses only the governmental type of fund. The basic services of the Security District are reported in the general fund, which focuses on how money flows into and out of the Security District and the balance left at the end of the year. The revenues and expenditures of the general fund are reported (in the Statement Of Revenues, Expenditures And Changes In Fund Balance) 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 (presented in the Balance Sheet) helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Security District's program. We describe the relationship (or difference) between the governmental activities (reported in the Statement Of Net Position and the Statement Of Activities) and governmental funds in reconciliations immediately following the fund financial statements.

Financial Analysis Of The Security District

Summary Statement Of Net Position
 As Of December 31, 2022 And 2021

	2022	2021
Current and other assets		
Total assets	<u>\$ 1,154,636</u>	<u>\$ 1,133,137</u>
Current liabilities		
Total liabilities	<u>68,594</u>	<u>69,978</u>
Net Position		
Unrestricted	<u>1,086,042</u>	<u>1,063,159</u>
Total Net Position	<u>\$ 1,086,042</u>	<u>\$1,063,159</u>

Unrestricted net position are resources that do not have any limitations on how these amounts may be used or expended. As noted earlier, the net position of the District increased by \$22,883 or 2.1% during the year.

Garden District's Security District
 New Orleans, Louisiana
 Management's Discussion And Analysis
 For The Year Ended December 31, 2022

Summary Statement Of Activities
 For The Years Ended December 31, 2022 And 2021

	2022	2021
Revenues		
Ad valorem taxes	\$ 788,970	\$ 773,987
Interest and other	<u>14,209</u>	<u>1,305</u>
Total Revenues	803,179	775,292
Expenses		
General government	<u>780,296</u>	<u>809,106</u>
Increase (Decrease) In Net Position	<u>\$ 22,883</u>	<u>\$ (33,814)</u>

The Security District's total revenues increased by \$27,887 or 3.6%. The total costs of all programs and services decreased by \$28,810 or 3.6%. Revenues increased due to an increase in the prior year ad valorem tax collected combined with an increase in interest earned compared to 2021. Total expenses decreased due to decreases in patrol costs.

Budgetary Highlights

The original budget was amended during the year in order to revise the beginning fund balance to reflect the actual 2021 year-end balance. Revenues and expenses were amended to reflect lower expected revenues and slightly higher expected expenses.

The variances between budgeted and actual amounts are summarized as follows:

Revenue – Overall favorable variance of \$24,169 or 3.1%, due to:

- The actual tax collected was higher than anticipated in the amended budget along with higher than anticipated interest earned.

Expenditures – Overall favorable variance of \$133,615 or 14.6%, due to:

- Decrease in the patrol costs and insurance compared to the budget.
- Decrease in various other expenses compared to budgeted amounts.

Garden District's Security District
New Orleans, Louisiana
Management's Discussion And Analysis
For The Year Ended December 31, 2022

Economic Factors And Next Year's Budget And Rates

For 2023, the Security District has kept the millage rate the same compared to 2022 at 8.00 mills on each parcel of real property. The 2023 budget is currently expecting lower revenues than 2022. Expenses in 2023 are budgeted higher than budgeted in 2022 which is also an increase relative to the actual expenses in 2022. Overall, the Security District expects that next year's results will closely reflect the budgeted amounts.

Contacting The District's Financial Management

This report is designed to provide our residents of the Security District and others with a general overview of the Security District's finances and to show the Security District's accountability for the money it received. Any questions about this report or requests for additional information may be directed to the Security District's Executive Director, Ms. Shelley Landrieu, located at 5329 Dryades Street, Unit A, New Orleans, Louisiana 70115.

Financial Section

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Commissioners
Garden District's Security District
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities and the major fund of Garden District's Security District (the Security District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Security 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 financial position of the governmental activities and the major fund of Garden District's Security District, as of December 31, 2022, 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 Opinion

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 Security District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Security District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the basic financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 judgment 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 Security 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 Security 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 and budgetary comparison information on pages 2 through 5 and 25 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 an opinion on the financial statements that collectively comprise the Security District's basic financial statements. The schedule of compensation, benefits and other payments to agency head, political subdivision head or chief executive officer, listed as other supplementary information in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Security District. 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to agency head, political subdivision head or chief executive officer is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, on our consideration of the Security District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that 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 Security District's 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.

Pedelahore & Co, LLP

Metairie, Louisiana
June 29, 2023

Garden District's Security District
Statement Of Net Position
December 31, 2022

Statement A

Assets

Cash	\$ 87,776
Receivables - Due from Board of Liquidation, City Debt	1,040,741
Taxes receivables	14,702
Other receivables	1,932
Prepaid expenses	<u>9,485</u>
 Total Assets	 <u>1,154,636</u>

Liabilities

Accounts payable	62,215
Other accrued expenses	<u>6,379</u>
 Total Liabilities	 <u>68,594</u>

Net Position

Unrestricted	<u>1,086,042</u>
 Total Net Position	 <u><u>\$ 1,086,042</u></u>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Statement Of Activities
For The Year Ended December 31, 2022

Statement B

Expenditures

Patrol and security services	\$ 633,978
Patrol extra	57,042
Enhanced security program	5,885
Camera project	6,857
Insurance	13,791
Administrative fee	43,427
Accounting and auditing	8,800
Telephone, postage, and supplies	1,371
GPS monitoring, e-mail alerts, updates	2,400
Legal	3,270
Website	<u>3,475</u>

Total Expenditures	<u>780,296</u>
--------------------	----------------

Revenues

Ad valorem taxes (net of collection fees)	788,970
Interest earned	<u>14,209</u>

Total Revenues	<u>803,179</u>
----------------	----------------

Change In Net Position

22,883

Net Position At Beginning Of Year	<u>1,063,159</u>
-----------------------------------	------------------

Net Position At End Of Year	<u><u>\$ 1,086,042</u></u>
------------------------------------	-----------------------------------

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Balance Sheet
General Fund - Governmental Fund
December 31, 2022

Statement C

Assets

Cash	\$ 87,776
Receivables - Due from Board of Liquidation, City Debt	1,040,741
Taxes receivable	14,702
Other receivables	1,932
Prepaid expenses	<u>9,485</u>
 Total Assets	 <u><u>\$ 1,154,636</u></u>

Liabilities And Fund Balance

Accounts payable	\$ 62,215
Other accrued expenses	<u>6,379</u>
 Total Liabilities	 <u>68,594</u>
 Fund balance	
Nonspendable - prepaid items	9,485
Unassigned	<u>1,076,557</u>
 Total Fund Balance	 <u>1,086,042</u>
 Total Liabilities And Fund Balance	 <u><u>\$ 1,154,636</u></u>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Reconciliation Of The Governmental Funds Balance Sheet
To The Government - Wide Statement Of Net Position
December 31, 2022

	Statement D
Fund Balance - Governmental Fund (Statement C)	\$ 1,086,042
Amount reported for governmental activities in the statement of net position (government-wide financial statements) are different because:	
There are no differences noted	<u>-</u>
Net Position Of Governmental Activities (Statement A)	<u>\$ 1,086,042</u>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Statement Of Revenues, Expenditures, And
Changes In Fund Balance
General Fund - Governmental Fund
For The Year Ended December 31, 2022

Statement E

Revenues

Ad valorem taxes (net of collection fees)	\$ 788,970
Interest earned	<u>14,209</u>
 Total Revenues	 <u>803,179</u>

Expenditures

Patrol and security services	633,978
Patrol extra	57,042
Enhanced security program	5,885
Camera project	6,857
Insurance	13,791
Administrative fee	43,427
Accounting and auditing	8,800
Telephone, postage, and supplies	1,371
GPS monitoring, e-mail alerts, updates	2,400
Legal	3,270
Website	<u>3,475</u>
 Total Expenditures	 <u>780,296</u>

Net Change In Fund Balance	22,883
-----------------------------------	--------

Fund Balance At Beginning Of Year	<u>1,063,159</u>
-----------------------------------	------------------

Fund Balance At End Of Year	<u><u>\$ 1,086,042</u></u>
------------------------------------	-----------------------------------

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
 Reconciliation Of The Statement Of Revenues, Expenditures
 And Changes In Fund Balances Of Governmental Funds
 To The Statement Of Activities
 For The Year Ended December 31, 2022

	Statement F
Net Change In Fund Balance - Governmental Fund (Statement E)	\$ 22,883
Amounts reported for governmental activities in the statement of activities (government-wide financial statements) are different because:	
There are no differences.	<div style="text-align: center; border-top: 1px solid black; width: 100px; margin: 0 auto;">-</div>
Change In Net Position Of Governmental Activities (Statement B)	<div style="text-align: center; border-bottom: 3px double black; width: 100px; margin: 0 auto;">\$ 22,883</div>

The Notes to Financial Statements are an integral part of these statements.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 1. Introduction

The Garden District's Security District (the Security District) is a special taxing district created by Act 86 of the First Extraordinary Session of 1998 of the Louisiana Legislature (Louisiana Revised Statute 33:2740.38 re-designated as Louisiana Revised Statute 33:9091.2), for the purpose of promoting and encouraging the security of the Garden District in the City of New Orleans.

The Security District is governed by a Board consisting of eleven members (commissioners) who are residents within the Security District. The commissioners are appointed by certain organizations within the Security District, the mayor, and the state senator and state representative of the Security District. Commissioners are appointed on a rotating and staggered schedule of three-year terms, and serve without compensation.

The boundaries of the Security District are areas bounded by and including both sides of Carondelet Street, Jackson Avenue, Magazine Street, and Louisiana Avenue. The Security District serves over 2,500 residents and businesses and includes approximately 1,700 taxable properties.

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

As approved by a majority of voters of the Security District in November 1998, the operations of the Security District was funded beginning in 1999 by the imposition of a special ad valorem tax on all taxable real property within the District. The tax was renewed for another eight years by a majority of the voters in April of 2018.

Note 2. Summary Of Significant Accounting Policies

Basis of Presentation

The financial statements of the Security 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.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 2. Summary Of Significant Accounting Policies (continued)

Reporting Entity

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

Fund Accounting

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

Basis of Accounting

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the Security District as a whole. These statements include all the financial activities of the Security 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 transactions occur 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*.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 2. Summary Of Significant Accounting Policies (continued)

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. All revenues and expenditures of the Security 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

Explanation of certain differences and the related reconciliations between the fund financial statements and government-wide financial statements are presented on pages 14 and 16.

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 Security District, and is amended during the year, as necessary. All budgetary appropriations lapse at the end of the year and must be re-appropriated for the following year to be expended.

Deposits

Cash and cash equivalents include amounts in interest bearing demand deposits. Under state law, the Security 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.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 2. Summary Of Significant Accounting Policies (continued)

At December 31, 2022, the Security District had cash (book balances) totaling \$87,776 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. At December 31, 2022, the Security District had \$92,067 in deposits (collected bank balances) all of which was secured by FDIC insurance or the pledge of securities.

Investments

The Security District does not have any investments other than cash invested in an interest bearing checking account. Funds held in a custodial account of the Board of Liquidation, City Debt, are invested in money market accounts, certificates of deposit and/or full faith and credit obligations of the United States Government.

Receivables

For purposes of the government-wide financial statements, taxes receivable are shown net of an allowance for uncollectible taxes, which is estimated at \$45,000 as of December 31, 2022. Additionally, the City of New Orleans withholds taxes collected for various purposes, including taxes paid under protest for subsequent adjustments by the assessor and also for other claims for refunds by residents.

Equity Classification

In the government-wide financial statements, equity is classified as net position and displayed in one component called unrestricted. Unrestricted net position consists of resources that are not legally segregated for a specific future use.

Governmental Fund Balances

The Security District has adopted GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the reporting of fund balance in the balance sheets of governmental type funds.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 2. Summary Of Significant Accounting Policies (continued)

In the governmental fund financial statements, fund balances are classified as follows:

1. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purposes because of state or federal laws or because of constraints externally imposed by creditors, grantors, or citizens.
3. Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners.
4. Assigned – amounts that are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned – all amounts not included in other spendable classifications.

Risk Management

The Security 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 Security 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, 2022.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 3. Ad Valorem Taxes

Annually, the Security District submits a plan to the City Council of New Orleans to levy and collect a special ad valorem tax, not to exceed 19.00 mills, on all taxable real property situated within the boundaries of the Security District.

The City of New Orleans levies and collects the special taxes for the Security 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 Security District, the special ad valorem taxes are levied on January 1 of the current year based on assessed values as of August 15 of the prior year. Ad valorem taxes are due January 1 and become delinquent on February 1. The City is permitted to retain two percent (2%) of the amount collected as a collection fee and two percent (2%) of the amount assessed as an assessor fee.

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

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

Note 4. Receivables – Due From Board Of Liquidation, City Debt

Receivables totaling \$1,040,741 at December 31, 2022, represent funds held in a custodial account of the Board of Liquidation, City Debt. These funds, which have not been warranted by the Security District as of December 31, 2022, consist of ad valorem tax collections and interest earned on funds held in custody.

Note 5. Pension Plan

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

Note 6. Litigation And Claims

As of December 31, 2022, the Security District was not involved in or aware of any pending or threatened litigation.

Garden District's Security District
Notes To Financial Statements
For The Year Ended December 31, 2022

Note 7. Compensation Paid To Board Members And Agency Head

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

The President of the governing board of commissioners of the District (agency head or chief executive office) serves without compensation, remuneration, benefit or otherwise.

Note 8. Other Commitments And Contingencies

The Security District has a new 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 Security District.

The contract is for a 2-year term beginning on January 3, 2022 and was approved in November of 2021. Total expenditures under this contract for 2022 were \$631,071.

The Security District also has an agreement with an independent contractor that provides administrative and support services to the Security District. The current multi-year contract for the 2021 – 2022 period was approved in 2020. Total expenditures for 2022 in conjunction with this agreement were \$43,427.

Note 9. Subsequent Events

In preparing the financial statements, the Security District has evaluated events and transactions for potential recognition or disclosure through June 29, 2023, the date the financial statements were available to be issued.

Required Supplementary Information (Part II)

Garden District's Security District
Schedule Of Revenues, Expenditures, And
Changes In Fund Balance
Budget And Actual - General Fund
For The Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>	<u>%</u> <u>Variance</u>
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)	
Revenues					
Ad valorem taxes (net of fees)	\$ 843,559	\$ 777,660	\$ 788,970	\$ 11,310	
Interest earned	<u>2,500</u>	<u>1,350</u>	<u>14,209</u>	<u>12,859</u>	
 Total Revenues	 <u>846,059</u>	 <u>779,010</u>	 <u>803,179</u>	 <u>24,169</u>	 3.1
Expenditures					
Patrol and security services	717,484	717,484	633,978	83,506	
Patrol extra	70,000	70,000	57,042	12,958	
Enhanced security program	10,000	10,000	5,885	4,115	
Camera project	-	-	6,857	(6,857)	
Insurance	35,000	35,000	13,791	21,209	
Legal fees	10,000	10,000	3,270	6,730	
Administrative fee	43,427	43,427	43,427	-	
Accounting and auditing	6,000	9,000	8,800	200	
Telephone, postage, and supplies	4,000	4,000	1,371	2,629	
GPS monitor, e-mail alerts, updates	6,000	6,000	2,400	3,600	
Website	2,000	4,000	3,475	525	
Contingency	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>	
 Total Expenditures	 <u>908,911</u>	 <u>913,911</u>	 <u>780,296</u>	 <u>133,615</u>	 14.6
 Net Change In Fund Balance	 (62,852)	 (134,901)	 22,883	 157,784	
 Fund Balance At Beginning Of Year	 <u>1,008,559</u>	 <u>1,063,159</u>	 <u>1,063,159</u>	 <u>-</u>	
 Fund Balance At End Of Year	 <u>\$ 945,707</u>	 <u>\$ 928,258</u>	 <u>\$ 1,086,042</u>	 <u>\$ 157,784</u>	

See auditor's report and accompanying notes.

Other Supplementary Information

Garden District's Security District
New Orleans, Louisiana
Supplementary Information
For The Year Ended December 31, 2022

Schedule of Compensation, Benefits And Other Payments To Agency Head, Political
Subdivision Head Or Chief Executive Officer

The schedule of compensation, benefits and other payments to agency head, political subdivision head or chief executive officer is presented in compliance with Act 706 of the 2014 Session of the Louisiana Legislature.

The Security District has no employees and the President, Mr. Wendell LeGardeur (agency head, political subdivision head or chief executive officer) of the governing board of commissioners serve without compensation, remuneration, benefits or otherwise.

Accordingly, there are no applicable payments to report.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

Other Reports And Information

PEDELAHORE & CO., LLP

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
Garden District's 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 fund of Garden District's Security District (the Security District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Security District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 29, 2023.

Report On Internal Control Over Financial Reporting

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

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

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

Report On Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Security 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the Security District and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Pedelahore & Co, LLP

Metairie, Louisiana
June 29, 2023

Garden District's Security District
Summary Schedule Of Prior Year Findings
For The Year Ended December 31, 2022

The Garden District's Security District respectfully submits the following schedule of prior year audit findings for the year ended December 31, 2022.

Section I – Internal Control And Compliance Material To The Financial Statements

None

Section II – Financial Statements Audit Findings (Compliance)

Finding 2021-01: Published Notice for Public Inspection

Condition: Although the Security District indicated it posted on its website the date of the public meeting along with the proposed budget for inspection before the meeting, the Security District did not publish this notice in the official journal.

Status: *Resolved:* The Security District has for the last two budget years advertised the availability of its 2022 and 2023 budgets for public inspection in its official journal along with the date time and place of the public hearing on the budget.

Section III – Internal Control And Compliance Material To Federal Awards

Not Applicable

Section IV – Management Letter

None Issued

Garden District's Security District
Schedule Of Current Year Findings
For The Year Ended December 31, 2022

Section I - Summary Of Auditor's Results

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Significant deficiency or a combination of control deficiencies identified not considered to be material weaknesses?	_____yes	___X___no
Noncompliance material to financial statements noted?	_____yes	___X___no

Section II – Internal Control And Compliance Material To Federal Awards

Not Applicable

Section III – Management Letter

None Issued

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

PEDELAHORE & CO., LLP

Certified Public Accountants

ROBERT J. MORA, CPA
MARY H. VALIGOSKY, CPA
MILTON B. CAVALIER, CPA
JENNIFER L. DORAN, CPA

MEMBER
American Institute of CPA'S
Society of Louisiana CPA'S

BRIAN P. MORA, CPA, CFA
DIANE O. LEFORT, CPA
MITZI P. LAMPO, CPA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Garden District's Security District
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the period ending December 31, 2022. The Garden District's Security District's (the Security District) management is responsible for those C/C areas identified in the SAUPs.

The Security District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the period ending December 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - ii. **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personal, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results of Procedures: The Security District has written policy and procedures addressing all of the above with the exception of debt service, payroll/personnel, sexual harassment or credit cards as the District has no debt, employees or elected officials and does not have credit cards. The District has not yet formalized a written policy/procedure for Information Technology Disaster Recovery / Business Continuity as it does not own any IT equipment; however, it has procedures in place regarding its critical financial statement data.

Management's Response: The District will review current policies and procedures, determine if additional policies and procedures need to be added, and then formalize these into writing.

2) **Board or Finance Committee**

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results of Procedures: No exceptions were found as the result of these procedures.

3) Bank Reconciliations

- A. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Result of Procedures: No exceptions were found as a result of these procedures with the exception of documentation for the review of bank statements and bank reconciliations. The Executive Director indicated the Board Treasurer receives both bank statements and bank reconciliations, however, there was no written documentation of the review process. Per inquiry, the Treasurer confirmed to us that the review procedures had been done.

Management's Response: The Security District will consider how to best document the review, such as having the Treasurer report at each meeting that both the monthly bank statement and bank reconciliation had been reviewed and found to be in order; the report would then be included in the meeting minutes. The Treasurer would ensure his copy of the bank statement and reconciliation was initialed and dated.

4) Collections (excluding electronic funds transfers - EFT's)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" procedure #3A above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results of Procedures: No exceptions were found as a result of these procedures.

5) *Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all if less than 5) and observe that each electronic disbursement was (a) approved by only those

persons authorized to disburse funds (e.g. sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results of Procedures: No exceptions were found as a result of these procedures except for documentation of approval of the electronic disbursement.

Management's Response: The Security District will review their policy and procedures for approval of electronic fund disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results of Procedures: N/A - These procedures were not performed as the Security District does not have credit cards.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policy and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results of Procedures: N/A - These procedures were not performed as the Security District had no travel or travel- related expense reimbursements.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results of Procedures: No exceptions were found as the result of these procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii. Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee/officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Results of Procedures: N/A – These procedures were not performed as the Security District has no employees or paid officials.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170

Results of Procedures: The Security District has no employees, therefore, for this procedure 5 appointed officials (commissioners) were selected and tested for training. No exceptions were found as the result of these procedures.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results of Procedures: N/A – These procedures were not performed as the Security District has no debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results of Procedures: Management has reported that there has been no misappropriation of public funds or assets. The District's website has the fraud hotline number listed under both "Important Numbers" tab and "FAQ" tab with links to the LLA website regarding fraud reporting.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if not written documentation, inquire of personnel responsible for testing/verification backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all if less than 5) using the list of terminated employees obtained in procedure #9C. Observe that the selected terminated employees have been removed or disabled from the network.

Results of Procedures: As the Security District does not have its own IT equipment, we applied the above procedures within reason to that of its independent contractor and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343..
- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements:
 - ii. Number of sexual harassment complaints received by the agency:
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred:
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action: and
 - v. Amount of time it took to resolve each complaint.

Results of Procedures: N/A – The Security District has no employees and feels these procedures do not apply to its operations.

We were engaged by the Security District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Security District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Pedelahore & Co, LLP

Metairie, Louisiana

June 29, 2023