

LAKESHORE CRIME PREVENTION DISTRICT

**Financial Statements as of December 31, 2012
and for the Year Then Ended
and Independent Auditors' Report**

LAKESHORE CRIME PREVENTION DISTRICT

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Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements of the Lakeshore Crime Prevention District (the District) as of and for the year ended December 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis beginning on page 3 be presented to supplement the basic financial statements. Such information, although not 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 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.

Silva Gurtner & Abney, LLC

April 10, 2013

**LAKESHORE CRIME PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

Management's Discussion and Analysis (MD&A) for the Lakeshore Crime Prevention District (the District) is designed to:

- assist the reader in focusing on significant financial issues;
- provide an overview of the District's financial activities;
- identify changes in the District's financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations;
- identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for any variations that are expected to have a significant effect on future services or liquidity; and
- identify other significant issues.

The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

The MD&A is required supplementary information that introduces the reader to the general-purpose financial statements and provides an overview of the District's financial activities. The District's basic financial statements consist of the following components: the District's statement of net assets, statement of revenue, expenditures and changes in net assets and the notes to financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

The District's total assets for 2012 decreased by \$7,867 due to a reduction in overall revenues causing a decrease in cash and cash equivalents. Total liabilities increased by \$50 due to an increase in professional fees. As a result, the District's assets exceeded their liabilities by \$115,962, as of December 31, 2012. There was a decrease in net assets of \$7,917 from the previous year.

RESULTS OF OPERATIONS

The District has received operating capital from only one source, namely the property owners of this District as defined by Act 200 of the 2004 Louisiana Legislative Session. Each property owner is assessed a fee which is collected by the City of New Orleans and is then disbursed (minus a 1% fee) to the Treasurer of the District. The Treasurer promptly deposits all funds received into either of the District's bank accounts at Regions Bank and Gulf Coast Bank.

All funds that were spent by the District in 2012 were for: (1) security services performed by Metro Security, Inc., (2) the production of several newsletters to the property owners of the District to inform them of the status of the District and as a reminder of the election to renew the Taxing District, (3) Directors and Officers insurance and (4) for the preparation and submission of a Legislative Audit "Package" by a CPA to the Louisiana Legislative Auditor. The District Board's priorities for 2012 have been to provide the maximum quality of security services to the neighborhood while conserving funds to

**LAKESHORE CRIME PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012**

provide a surplus if/when needed to, among other things, compensate for any increases in normal security services cost, to be able to provide disaster affects to the District, to fully inform the District residents through newsletters throughout the year and finally to continue a GPS/GSM Guard Trax security services monitoring system in order to ensure the very highest Quality Assurance of security services to our residents. This system provides the latest in minute to minute monitoring of the purchased security services, thus ensuring that our residents' expenditure results in the very highest quality of security services to our District that can be achieved.

The district's total net assets decreased by \$7,386 over the course of the year's operations primarily due to a decrease in revenues. Total revenues decreased by \$18,489, or 7.8%, from the previous year. This is primarily due to the unpredictability of the collection of parcel fees. Total expenditures were \$179 lower than the previous year.

ECONOMIC FACOTRS AND NEXT YEAR'S BUDGET

Because of the extraordinary expense of providing 24-hour security to the District, the Board of Commissioners of the District has once again decided to continue to enact additional safeguards into our budget to address any potential future interruption of funds that are collected by and received from the City of New Orleans. In the year 2004-2005 our funding concerns were due to the unknown level of compliance/payment of the then new Tax assessment to fund our District. In 2006 and 2007, Hurricane Katrina made the level of compliance/payment of Tax assessment funds unpredictable due to the devastation to property and local government bureaucracies. In 2008, rapidly increasing fuel prices and then a pronounced national economic recession made it once again difficult to predict likely compliance/payment funding received by the District. The worldwide economic recession continued in 2009, 2010 and 2011 and has not yet abated. The Board continues to believe it is prudent to maintain a significant level of surplus to ensure that there will be no interruption of security services to the District, which has caused the Board to slightly alter its basic budget assumption from year to year because of these varying and persistent external influences. New considerations for 2013 include the need to assess the possibility of rapidly increasing fuel prices and possible increases for contracting security services. The desired amount of surplus funds will be calculated in the second half of 2013.

The Board of Commissioners of the District has strictly adhered to all Louisiana Ethics Laws and Parliamentary Procedures during 2012 when conducting District business.

ORIGINAL VS. REVISED BUDGET

The District adopts an annual operating budget including proposed expenditures and anticipated parcel fee collections.

The District's actual revenues of \$234,199 were greater than the budget by \$4,399, a variance of approximately 1.9%. The District's actual expenditures of \$242,116 were lower than the budget by \$7,386, a variance of approximately 3.1%.

**LAKESHORE CRIME PREVENTION DISTRICT
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

ASSETS

Cash and cash equivalents	<u>\$ 118,562</u>
TOTAL ASSETS	<u><u>\$ 118,562</u></u>

LIABILITIES

Accounts payable	<u>\$ 2,600</u>
Total liabilities	2,600

NET ASSETS

	<u>115,962</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 118,562</u></u>

See accompanying independent auditors' report and notes to financial statements.

**LAKESHORE CRIME PREVENTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Actual</u>	<u>Budgeted</u>	<u>Variance</u>
REVENUES			
Parcel fees	\$ 233,834	\$ 228,300	\$ 5,534
Interest	365	1,500	(1,135)
	<u>234,199</u>	<u>229,800</u>	<u>4,399</u>
EXPENSES			
Direct expenditures			
Patrols	237,006	238,302	(1,296)
	<u>237,006</u>	<u>238,302</u>	<u>(1,296)</u>
Administrative expenses			
Accounting	2,600	2,650	(50)
Newsletter	1,448	1,050	398
Business insurance	1,038	1,500	(462)
Office supplies	24	6,000	(5,976)
	<u>5,110</u>	<u>11,200</u>	<u>(6,090)</u>
Total expenditures	<u>242,116</u>	<u>249,502</u>	<u>(7,386)</u>
EXCESS OF EXPENDITURES OVER REVENUES	(7,917)	<u>\$ (19,702)</u>	<u>\$ 11,785</u>
NET ASSETS - Beginning of year	<u>123,879</u>		
NET ASSETS - End of year	<u>\$ 115,962</u>		

See accompanying independent auditors' report and notes to financial statements.

**LAKESHORE CRIME PREVENTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

NOTE A – INTRODUCTION

The Lakeshore Crime Prevention District (the District) was created as a public body by the Louisiana Legislature, 2004, Act No. 200, La. R.S. 33:9091.7 et. seq., to aid in crime prevention and to add to the security of the District's residents by providing for an increase in the presence of security personnel in the District.

The District services all parcels located in the geographic area it serves. The District has no paid employees and contracts with an external security company for patrolling. The Board of Commissioners consists of nine (9) appointed members. Board members are not compensated.

The governing authority of the City of New Orleans is authorized to impose and collect a parcel fee within the District. The amount of the fee is determined by an adopted resolution of the board of commissioners of the District. The fee, however, cannot exceed three hundred and sixty dollars per parcel per year.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The accompanying general-purpose financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

Basic Financial Statements – Government-Wide Statements – The District uses the government-wide (reporting the District as a whole) financial statements. The government-wide financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as a business type activity.

The government-wide Revenues, Expenditures and Changes in Net Assets reports both the gross and net cost of the District's function. The Revenues, Expenditures and Changes in Net Assets reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. The net costs, by function, are normally covered by general revenue, interest and investment earnings, etc. The District does not allocate indirect costs.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

**LAKESHORE CRIME PREVENTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012**

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All revenue items are recorded when the amount of the parcel fees to be received are measurable. Expenditures are recorded when a liability is incurred.

NOTE C – 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 originally adopted by the District for the year 2012.

NOTE D – CASH AND CASH EQUIVALENTS

The District maintains cash accounts at local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to \$250,000. The District has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE E – LITIGATION AND CLAIMS

At December 31, 2012, the District was neither involved in nor aware of any litigation or claims.

NOTE F - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 20, 2013, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Certified Public Accountants & Consultants

**INDEPENDENT AUDITORS' 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
Lakeshore Crime Prevention District
New Orleans, Louisiana

We have audited the financial statements of the Lakeshore Crime Prevention District (the District) as of and for the year ended December 31, 2012, and have issued our report thereon dated February 20, 2013. 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.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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 noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

This report is intended for the information and use of the District's management, the City of New Orleans 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 users.

Silva Gurtner & Abney, LLC

April 10, 2013

**LAKESHORE CRIME PREVENTION DISTRICT
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES
DECEMBER 31, 2012**

None noted.