

**TOURO BOULIGNY SECURITY DISTRICT  
AUDIT OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED FEBRUARY 29, 2012**

**TOURO BOULIGNY SECURITY DISTRICT**

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# Silva Gurtner & Abney

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## INDEPENDENT AUDITORS' REPORT

The Board of Commissioners  
**TOURO BOULIGNY SECURITY DISTRICT**  
New Orleans, Louisiana

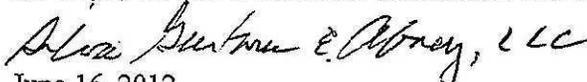
We have audited the accompanying general-purpose financial statements of the **TOURO BOULIGNY SECURITY DISTRICT** as of and for the year ended February 29, 2012, as listed in the table of contents. These basic financial statements are the responsibility of the **TOURO BOULIGNY SECURITY DISTRICT's** management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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. 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 includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **TOURO BOULIGNY SECURITY DISTRICT** as of February 28, 2012, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2012, on our consideration of the **TOURO BOULIGNY SECURITY DISTRICT's** internal control over financial reporting and on our test of its compliance with certain laws and regulations and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, beginning on page 2, is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

  
June 16, 2012

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**TOURO BOULIGNY SECURITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FEBRUARY 29, 2012**

The Management's Discussion and Analysis ("MD&A") for the **TOURO BOULIGNY SECURITY DISTRICT** (the "District") is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34. The financial information for the fifth year of operation for the District is presented to provide an overview of the District's activities. The information contained herein should be read in conjunction with the financial statements, notes thereto and other required supplemental information taken as a whole.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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 general-purpose financial statements consist of the following components: the District's balance sheet, statement of activities and the notes to the financial statements.

The basic financial statements include the government-wide financial statement and, the fund financial statement. The government-wide financial statement consists of the Statement of Activities that provides information about activities of the District as a whole. The Fund Financial Statement includes all of the District's assets and liabilities and indicates how the District's services were financed in the short-term as well as what remains for future spending. The governmental activities are financed primarily by property taxes, and all the District's operations are conducted through the general fund. This annual report consists of a series of financial statements. The Balance Sheet (Statement of Net Assets) and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances.

**FINANCIAL STATEMENT HIGHLIGHTS**

The District began operations in 2007, thus total net assets increased during this time to \$266,103 at February 29, 2012.

The total spending for the governmental activity was \$245,950 for the year; this was \$29,010 less than the taxes (interest and other revenue) received for this activity, which totaled \$274,960.

The interest earned on funds held in custody (at the Board of Liquidation, City Debt) was \$757.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Using the prior years' experience, the District concluded that the tax collected would be reliable and took action to enhance the security services provided.

In the fifth year of operations, actual revenues exceeded the budgeted revenues due to in general the economic improvement in the area's property assessed values and a concerted effort by the City to collect taxes for these properties, including taxes that were in arrears. Since the District uses the city estimates of the potential collections, the actual collections can vary; and in this year of increasing property values, the collections exceeded the budgeted amounts and allowed for a similar level of patrols when compared to the prior year.

**TOURO BOULIGNY SECURITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FEBRUARY 29, 2012**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

At the present time, no known issues are expected to have a significant impact on future operations. Property assessments are expected to gain value in the year that will add to a possible increase in realized revenues. In addition, the District has complied with all Louisiana Ethics Laws and Parliamentary Procedures during the 2012 fiscal year when conducting the business of the District.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This report is designed to provide our residents of the District and others with a general overview of the District's finances and to show the District's accountability for funds received.

Questions regarding this report and requests for additional information may be directed to Mr. James Smoak, District Commissioner, P.O. Box 750290, New Orleans, Louisiana 70175.

**TOURO BOULIGNY SECURITY DISTRICT  
BALANCE SHEET  
FEBRUARY 28, 2012**

**ASSETS**

Cash	\$ 28,970
Receivables - due from the Board of Liquidation, City Debt	<u>301,160</u>
Total Assets	<u><u>\$ 330,130</u></u>

**LIABILITIES AND FUND BALANCE**

Accounts payable	\$ 26,562
Deferred revenue	<u>37,465</u>
Total Liabilities	<u>64,027</u>
Fund balance - unreserved and undesignated	<u>266,103</u>
Total Liabilities and Fund Balance	<u><u>\$ 330,130</u></u>

The accompanying notes are an integral part of these financial statements.

**TOURO BOULIGNY SECURITY DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED FEBRUARY 28, 2012**

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
<b>REVENUES</b>			
Ad valorem tax	\$ 274,203	\$ 257,204	\$ 16,999
Interest earned	757	907	(150)
	<hr/>	<hr/>	<hr/>
Total Revenues	274,960	258,111	16,849
<b>EXPENDITURES</b>			
<b>Direct Expenditures</b>			
Patrol and security services	229,680	231,768	2,088
	<hr/>	<hr/>	<hr/>
Total Direct Expenditures	229,680	231,768	2,088
<b>Administrative Expenditures</b>			
Accounting	2,400	2,400	-
Insurance	2,824	2,824	-
City & Assessor Fees	8,643	10,951	2,308
Web page maintenance	-	1,500	1,500
Printing postage and signs	2,403	2,403	-
	<hr/>	<hr/>	<hr/>
Total Administrative Expenditures	16,270	20,078	3,808
	<hr/>	<hr/>	<hr/>
Total Expenditures	245,950	251,846	5,896
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	29,010	<u>\$ 6,265</u>	<u>\$ 22,745</u>
<b>BEGINNING FUND BALANCE</b>	<hr/> 237,093		
<b>ENDING FUND BALANCE</b>	<u>\$ 266,103</u>		

The accompanying notes are an integral part of these financial statements.

**TOURO BOULIGNY SECURITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 29, 2012**

**NOTE A - INTRODUCTION**

The Touro Bouligny Security District (the "District") is a special taxing district created by Act 77 of Regular Session of 2005 of the Louisiana Legislature (Louisiana Revised Statute 33:9091.9), for the purpose of promoting and encouraging the security in the area included within the District.

The District is governed by a Board consisting of nine members (commissioners) who are residents within the District. The commissioners are appointed by certain organizations within the District, including the mayor, the state senator, the state representative, and the city council member who represents the District. Commissioners are appointed on rotating and staggered schedule over a four year term. In addition, the Commissioners serve on the Board of the District without compensation.

The boundaries of the District are those areas within the following perimeter:

Louisiana Avenue to St. Charles Avenue (river side only)  
to Napoleon Avenue (both sides)  
to Magazine Street (both sides)  
and back to Louisiana Avenue (excluding all municipal numbers on Louisiana Ave.)

The District has no paid employees.

As approved by the majority of voters of the District in September 2006, the operations of the District are funded by the imposition of a special ad valorem tax placed on taxable real property within the District.

**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 generally accepted accounting principles (GAAP) 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 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.

**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 expenditures during the period. Actual results could differ from those estimates.

**TOURO BOULIGNY SECURITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 29, 2012**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**REPORTING ENTITY**

The District is the basic level of government, which has financial accountability and control over all affairs of the District related to promoting and encouraging the security of the Touro Bouligny area in Orleans Parish. The District is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, because the majority of the 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 the primary accountability for fiscal matters. In addition, there are no component units as defined in GASB Statement 14, which are included in the District's reporting entity.

**FUND ACCOUNTING**

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

**BASIS OF ACCOUNTING - GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Assets and the Statement of Activities report information about the District as a whole. These statements include all the financial activities of the District. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*.

**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 account 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 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 an 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.

**TOURO BOULIGNY SECURITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 29, 2012**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**BUDGET PRACTICES**

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

**NOTE C - CASH AND CASH EQUIVALENTS**

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

At February 29, 2012 the District had \$28,970 in non-interest bearing demand deposits. These deposits are stated at cost, which approximates market. Under the state law, these deposits, or the resulting bank balances, must be secured by the Federal Deposit Insurance Commission (FDIC) or the pledge of securities owned by the fiscal agent bank. At February 29, 2012, the District had \$28,970 in deposits (collected bank balance) insured by the FDIC coverage.

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

The District is exposed to various risk of loss to torts, and theft of, damage to and destruction of assets. To handle such risks, the District has been named as an additional insured under the policies maintained by the company providing the patrol services to the District.

**NOTE D - AD VALOREM TAXES**

Annually, the District submits a plan to the City Council of New Orleans to levy and collect a special tax, not to exceed sixteen and two tenths (16.2) mills, on all taxable real property situated within the boundaries of the District.

The City of New Orleans levies and collects the special taxes for the District in the same manner and at the same time as all other ad valorem taxes on property subject to taxation by the City of New Orleans. Specifically, with regards to the District, the special ad valorem taxes are levied on January 1 of the current year based on the assessed values as of August 15 of the prior year. Ad valorem taxes are due January 1 and become delinquent on February 1. Both the City of New Orleans and the Assessor are permitted to retain two percent (2%) of the amount collected as a collection fee.

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

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

**TOURO BOULIGNY SECURITY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FEBRUARY 29, 2012**

**NOTE E – RECEIVABLES – DUE FROM BOARD OF LIQUIDATION, CITY DEBT**

At February 29, 2012, accounts receivable was \$301,160. This mainly consists of funds held in a custodial account with the Board of Liquidation, City Debt. These funds, which have not been warranted by the District as of February 29, 2012, consist of ad valorem tax collections and interest earned on funds held in custody.

**NOTE F – PENSION PLAN**

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

**NOTE G – LITIGATION AND CLAIMS**

The District is not involved in any litigation and management is not aware of any claims against the District.

**NOTE H – COMPENSATION PAID TO BOARD MEMBERS**

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

**NOTE I – OTHER COMMITMENTS AND CONTINGENCIES**

The District has a contract/security services agreement with a company that provides guard patrol services for the protection of the property and persons located within the boundaries of the District.

The contract with the company includes an option to renew on a semiannual basis. Total expenditures under the contract for the 2012 fiscal year were \$229,680.

**NOTE J – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 16, 2012, 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.



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**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**

The Board of Commissioners  
**TOURO BOULIGNY SECURITY DISTRICT**  
New Orleans, Louisiana

We have audited the financial statements of the **TOURO BOULIGNY SECURITY DISTRICT (the District)** as of and for the year ended February 29, 2012, and have issued our report thereon dated June 16, 2012. 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**

In planning and performing our audit, we considered **TOURO BOULIGNY SECURITY 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 **TOURO BOULIGNY 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 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The **DISTRICT**'s response to the finding identified in our previous audit is described in the accompanying schedule of findings and responses. We did not audit the **DISTRICT**'s response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the **TOURO BOULIGNY SECURITY 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.

*Alisa Surfma & Abney, LLC*

June 16, 2012

**TOURO BOULIGNY SECURITY DISTRICT  
CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR END FEBRUARY 29, 2012**

**Finding 2012-1: Budgetary Compliance**

**None** – Budget was amended.

**TOURO BOULIGNY SECURITY DISTRICT  
PRIOR YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN  
YEAR ENDED FEBRUARY 28, 2011**

**Finding 2011-1: Budgetary Compliance**

Local Government Budgeting Act LSA-R.S. 39:1301-1316 requires the Comptroller (or his/her equivalent) to prepare a budget in a manner that parallels the accounting system and notify the Board in writing during the year when actual revenues fail to meet budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, LSA-R.S. 39:1309 requires the Board to amend the budget upon being notified.

Actual revenues exceeded budgeted revenues by more than 5%, with no evidence of amendment of the budget, by the Board. Actual expenditures varied favorably from budgeted expenditures by more than 5%, with no evidence of amendment of the budget, by the Board.

**Management's corrective action plan:**

The District relies on the Board of Liquidation (BOL) for revenue prospects and the BOL advised that the revenue would probably fall within the expectation range for the year, and perhaps a little more since assessed values are up and an effort is being made to collect taxes in arrears. Considering these prospects, action was not initiated to revise or amend the budget. Management will again press the BOL for as a reliable as possible fix on the revenue prospects so as to consider whether an amendment is needed. Management will track more closely the expenses to achieve the same end; to consider whether a revised budget is needed..

**Resolution:**

BOL requested to provide as realistic as possible estimates about revenue prospects as the end of the year approaches.