

**Hurstville Security And Neighborhood
Improvement District
New Orleans, Louisiana**

Annual Financial Statements And
Report On Applying Agreed-Upon Procedures

Year Ended December 31, 2011

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Required Supplementary Information (Part I)

Hurstville Security And Neighborhood Improvement District
New Orleans, Louisiana

Management's Discussion And Analysis
Year Ended December 31, 2011

Our discussion and analysis of the Hurstville Security and Neighborhood Improvement District's (the "Security District's") financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2011. 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 assets by \$111,133 and resulted in ending net assets of \$350,110 or an increase of 46.5%.

The total spending for the governmental activity was \$248,858 for the year, which was \$111,133 less than parcel fees (and interest) received for this activity, which totaled \$359,991.

The interest earned on money market accounts was \$611 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 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.

Government-Wide Financial Statements

The statements in this section include the Statement Of Net Assets and the Statement Of Activities.

The Statement Of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by private businesses. The difference between total assets and total liabilities is net assets, which may provide a useful indicator of whether the financial position of the Security District is improving or deteriorating.

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 organization 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 District's program. We describe the relationship (or difference) between the governmental activities (reported in the Statement Of Net Assets and the Statement Of Activities) and governmental funds in reconciliations immediately following the fund financial statements.

Financial Analysis Of The Security District

Summary Statement Of Net Assets
As Of December 31, 2011 And 2010

	<u>2011</u>	<u>2010</u>
Current and other assets		
Total assets	<u>\$ 354,510</u>	<u>\$ 243,377</u>
Current liabilities		
Total liabilities	<u>4,400</u>	<u>4,400</u>
Net Assets		
Unrestricted	<u>350,110</u>	<u>238,977</u>
Total Net Assets	<u>\$ 350,110</u>	<u>\$ 238,977</u>

The Security District does not have any "restricted" net assets. Unrestricted net assets are net assets that do not have any limitations on how these amounts may be used or expended.

As noted above, the net assets of the Security District increased by \$111,133 or 46.5% from January 01, 2011 to December 31, 2011.

Summary Statement Of Activities
Years Ended December 31, 2011 And 2010

	2011	2010
Revenues	\$ 359,991	\$ 341,426
Expenditures	248,858	242,922
Change In Net Assets	\$ 111,133	\$ 98,504

Budgetary Highlights

The original budget was amended during the year to more accurately reflect a projected increase in parcel fee revenues, patrol expenses and contingency in case of hurricane evacuation compared to the original budget.

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

Revenue – Overall favorable variance of \$18,201, or 5.3%, due to:

- Higher than expected collections rate of parcel fees
- Lower interest earnings than those included in the amended budget

Expenditures – Overall favorable variance of \$197,742, or 44.3%, due to:

- Decrease in insurance, website and administration costs compared to the amended budget
- No need for the evacuation contingency expenses budgeted for the year
- No increase in patrol expenses as provided for in the budget

Economic Factors And Next Year’s Budget And Rates

For 2012 the Security District’s budget indicates no increase of the current fee of \$455 per parcel of real property, and maintaining the number of taxable properties from the original 2011 budget numbers of 736 parcels. However, subsequent reports from the City of New Orleans indicate that the City levied 767 parcels in 2012. Expenses are anticipated to increase in 2012 due to a possible increase in the level of service or increased patrol costs during the year. Overall, the Security District expects that next year’s results will closely reflect the budgeted amounts.

Contacting The Security 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 Accountants' Review Report

To the Board of Commissioners
Hurstville Security and Neighborhood Improvement District
New Orleans, Louisiana

We have reviewed the accompanying basic financial statements of Hurstville Security and Neighborhood Improvement District, as of and for the year ended December 31, 2011, as listed in the table of contents. A review includes primarily applying analytical procedures to the Security District's financial data and making inquiries of the management of the Security District. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Security District is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis and budgetary comparison information as listed on pages 2 through 4 and page 21, are presented for purposes of additional analysis. Such information, although not a required 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 and for placing the financial statements in an appropriate operational,

economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with *Louisiana Governmental Audit Guide* and the provisions of the state law, we have issued a report, dated June 26, 2012, on the results of our agreed-upon procedures.

Pedelahore & Co., LLP

June 26, 2012

Hurstville Security And Neighborhood Improvement District
Statement Of Net Assets
December 31, 2011

	Statement A
<u>Assets</u>	
Cash	<u>\$ 354,510</u>
Total Assets	<u>354,510</u>
<u>Liabilities</u>	
Accrued expenses	<u>4,400</u>
Total Liabilities	<u>4,400</u>
<u>Net Assets</u>	
Unrestricted net assets	<u>350,110</u>
Total Net Assets	<u><u>\$ 350,110</u></u>

See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District
Statement of Activities
Year Ended December 31, 2011

Statement B

Expenditures

Patrol and security services	\$ 191,051
Administration fee and overhead	18,955
Accounting services	3,000
Website	178
Insurance	<u>35,674</u>

Total Expenditures	<u>248,858</u>
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Revenues

Parcel fees (net of collection fees)	359,380
Interest earned	<u>611</u>

Total Revenues	<u>359,991</u>
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Change In Net Assets	111,133
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Net Assets At Beginning Of Year	<u>238,977</u>
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Net Assets At End Of Year	<u><u>\$ 350,110</u></u>
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See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District

Balance Sheet

General Fund - Governmental Fund

December 31, 2011

	Statement C
<u>Assets</u>	
Cash	<u>\$ 354,510</u>
Total Assets	<u><u>\$ 354,510</u></u>
 <u>Liabilities And Fund Balance</u>	
Accrued expenses	<u>\$ 4,400</u>
Total Liabilities	<u>4,400</u>
Fund balance - unassigned	<u>350,110</u>
Total Liabilities And Fund Balance	<u><u>\$ 354,510</u></u>

See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District
Reconciliation Of The Governmental Funds Balance Sheet
To The Government - Wide Statement Of Net Assets
December 31, 2011

	Statement D
Fund Balance - Governmental Fund (Statement C)	\$ 350,110
Amount reported for governmental activities in the statement of net assets (government-wide financial statements) are different because:	
There are no differences noted	----- -
Net Assets Of Governmental Activities (Statement A)	<u>\$ 350,110</u>

See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District
Statement Of Revenues, Expenditures, And
Changes In Fund Balance
General Fund - Governmental Fund
Year Ended December 31, 2011

	Statement E
Revenues	
Parcel fees (net of collection fees)	\$ 359,380
Interest earned	<u>611</u>
Total Revenues	<u>359,991</u>
 Expenditures	
Patrol and security services	191,051
Administration fee and overhead	18,955
Accounting services	3,000
Website	178
Insurance	<u>35,674</u>
Total Expenditures	<u>248,858</u>
 Net Change In Fund Balance	 111,133
Fund Balance At Beginning Of Year	<u>238,977</u>
 Fund Balance At End Of Year	 <u><u>\$ 350,110</u></u>

See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District
Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
Year Ended December 31, 2011

	Statement F
Net Change In Fund Balance - Governmental Fund (Statement E)	\$ 111,133
Amounts reported for governmental activities in the statement of activities (government-wide financial statements) are different because:	
There are no differences.	<hr style="width: 10%; margin: 0 auto;"/> -
Change In Net Assets Of Governmental Activities (Statement B)	<u>\$ 111,133</u>

See accompanying notes and independent accountant's review report.

Hurstville Security And Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

Note 1. Introduction

The Hurstville Security and Neighborhood Improvement District (the "Security District") is a special taxing district created by Act 151 of Regular Session of 2007 of the Louisiana Legislature (Louisiana Revised Statute 33:9091.11), for the purpose of promoting and encouraging the security in the area included within the Security District and promoting and encouraging the beautification and overall betterment of the district.

The Security District is governed by a Board consisting of nine 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, state representative and city council member representing the Security District. Commissioners are appointed on a rotating and staggered schedule of four-year terms, and serve without compensation.

The boundaries of the Security District are areas within the following perimeter: Magazine Street (both sides) from Valmont Street to Nashville Avenue (downtown side only), to Hurst Street (river side only), to Arabella Street (downtown side only), to St. Charles Avenue (lake side only), including the parcel at the corner of the river side of St. Charles Avenue and the downtown side of Arabella Street, to Nashville Avenue (downtown side only), to Loyola Avenue (both sides), to Octavia Street (both sides), to Liberty Street (both sides), to Jefferson Avenue (uptown side only), to Prytania Street (excluding all municipal numbers in this portion of Prytania Street), to Valmont Street (both sides) to Magazine Street. The Security District includes approximately 767 taxable properties.

The District has no employees and has contracted out the administrative function of the organization to an independent contractor that provides an office and a professional staff member. Patrol services are also provided by independent contractors.

As approved by a majority of voters of the Security District on November 17, 2007, the operations of the Security District has been funded beginning in 2008 by the imposition of a special parcel fee on all taxable real property within the Security District.

Hurstville Security And Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

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.

Reporting Entity

The Hurstville Security and Neighborhood Improvement 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 Hurstville area 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 Assets and the Statement of Activities report information about the Security District as a whole. These statements include all the financial

Hurstville Security And Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

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 occurs regardless of when cash is received or disbursed. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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 11 and 13.

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 reappropriated for the following year to be expended.

Hurstville Security And Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

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.

At December 31, 2011, the Security District had cash (book balances) totaling \$354,510 in non-interest bearing demand deposits and interest bearing money market 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, 2011, the Security District had \$85,781 in checking account deposits (collected bank balance) and \$270,280 in money market account deposits (collected bank balance), totaling \$356,061 in collected bank balances. Of this total, \$20,280 was not collateralized or not insured by FDIC coverage.

Investments

The Security District does not have any investments other than cash invested in an interest bearing money market account.

Equity Classification

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

Governmental Fund Balances

On January 1, 2011, the Security District 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.

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

Hurstville Security and Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

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, property insurance and worker's compensation.

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.

Note 3. Parcel Fees

Annually, the Security District submits a plan to the City Council of New Orleans to levy and collect a parcel fee, not to exceed \$500 in 2008 and not to exceed \$500, plus annual increases of twenty-five dollars for each year from 2009 through 2014, per improved parcel of land located within the boundaries of the Security District.

Hurstville Security And Neighborhood Improvement District
Notes To Financial Statements
Year Ended December 31, 2011

The City of New Orleans levies and collects the special fees for the Security District in the same manner and at the same time as 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 parcel fees are levied on January 1 of the current year based on a flat fee per improved parcel of land. Parcel fees are due January 1 and become delinquent on February 1. The City is permitted to retain one percent (1%) of the amount collected as a collection fee.

Parcel fees are paid over to the Security District from the City of New Orleans within sixty days of collection. The Security District records the parcel fees as revenues in the year the taxes become due.

Note 4. Pension Plan

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

Note 5. Litigation And Claims

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

Note 6. Compensation Paid To Board Members

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

Note 7. Other Commitments And Contingencies

The Security District has an agreement with an independent contractor that provides administrative and support services to the Security District. The contract with this company began in December of 2007 with the initial term ending in 2009. The contract was renewed in May 2009 with terms remaining the same for 2009 and a \$100 increase to \$1,400 per month for 2010 and 2011. Total expenditures under this contract for 2011 were \$16,800.

Note 8. Date Of Management's Review

In preparing the financial statements, the district has evaluated events and transactions for potential recognition or disclosure through June 26, 2012, the date the financial statements were available to be issued.

Required Supplementary Information (Part II)

Hurstville Security And Neighborhood Improvement District
Statements Of Revenues, Expenditures, And
Changes In Fund Balance
Budget And Actual - General Fund
Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>	<u>%</u> <u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>	
Revenues					
Parcel fees (net of fees)	\$ 324,900	\$ 340,800	\$ 359,380	\$ 18,580	
Interest earned	-	990	611	(379)	
Total Revenues	<u>324,900</u>	<u>341,790</u>	<u>359,991</u>	<u>18,201</u>	5.3
Expenditures					
Patrol and security services	220,200	280,200	191,051	89,149	
Administration fee and overhead	20,000	22,000	18,955	3,045	
Insurance	40,000	40,000	35,674	4,326	
Accounting services	3,400	3,400	3,000	400	
Website	1,000	1,000	178	822	
Evacuation contingency	25,000	100,000	-	100,000	
Total Expenditures	<u>309,600</u>	<u>446,600</u>	<u>248,858</u>	<u>197,742</u>	44.3
Net Change In Fund Balance	15,300	(104,810)	111,133	215,943	
Fund Balance At Beginning Of Year	<u>182,543</u>	<u>238,977</u>	<u>238,977</u>	<u>-</u>	
Fund Balance At End Of Year	<u>\$ 197,843</u>	<u>\$ 134,167</u>	<u>\$ 350,110</u>	<u>\$ 215,943</u>	

See accompanying notes and independent accountant's review report.

Other Reports And Supplemental Information

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Board of Commissioners
Hurstville Security and Neighborhood Improvement District
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hurstville Security and Neighborhood Improvement District (the Security District) and the Legislative Auditor, State of Louisiana, solely to assist the specified parties in evaluating management's assertions about Hurstville Security and Neighborhood Improvement District's compliance with certain laws and regulations during the year ended December 31, 2011, included in the accompanying *Louisiana Attestation Questionnaire*. Management is responsible for the Security District's compliance with those laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures meeting the above criteria.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Not applicable; the Security District has no employees or elected officials.

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

Not applicable; the Security District has no employees.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Not applicable; the Security District has no employees.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget and the budget amendments during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of the meeting held on October 27, 2010 where the budget was approved. Subsequent budget amendments and approval by the Board were traced to minutes of the meeting held on August 15, 2011.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues and expenditures did not exceed budgeted amounts unfavorably by more than 5%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

- (a) Trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

Accounting and Reporting

- (b) Determine if payments were properly coded to the correct fund and general ledger account; and,

All of the payments were properly coded to the correct fund and general ledger accounts.

- (c) Determine whether payments received approval from proper authorities.

Inspection of the cancelled checks for each of the six selected disbursements indicated that all checks were properly signed by authorized officials, with two signatures for those checks over \$1,500. Management has asserted that the supporting documentation was presented and approved at the time the checks were signed. Inspection of the invoices show that the check stub was attached to the invoice to indicate that the invoice was paid and approved or the invoice was initialed and the date paid indicated.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Security District is required to post a notice of each meeting by posting a copy of the notice at the principal office of the public body holding the meeting, or if no such office exists, at the building in which the meeting is to be held; or by publication of the notice in an official journal of the public body no less than twenty-four hours before the meeting.

We noted that the minutes contained confirmations that the appropriate public notice of all meetings were posted more than twenty-four hours before the meeting. Inquiry of the Executive Director revealed that the notices for all meetings were posted at the meeting locations.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank statements for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the Security District for the year indicated no approval for the types of payments noted. Inspection and testing of cash disbursements of the patrol account in the general ledger of payments to the patrol independent contractors showed no evidence of bonuses, advances or gifts.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Pedderhouse & Co., LLP

June 26, 2012

Other Schedules

Hurstville Security And Neighborhood Improvement District
Summary Schedule of Prior And Current Year Findings With Management's
Response And Planned Corrective Action
Year Ended December 31, 2011

We have reviewed the basic financial statements of Hurstville Security and Neighborhood Improvement District as of and for the year ended December 31, 2011, and have issued our report thereon dated June 26, 2012. In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have also issued a report, dated June 26, 2012, on the results of our agreed-upon procedures.

Prior Year Findings:

Section I – Review Procedures

There were no findings noted for the year ended December 31, 2010

Section II – Agreed-Upon Procedures

There were no findings noted for the year ended December 31, 2010

Section III – Management Letter

None issued.

Current Year Findings:

Section I – Review Procedures

Finding 2011-1: Uninsured Or Uncollateralized Cash Deposits

Criteria: State law requires the bank deposits (collected bank balances) of all political subdivisions to be fully insured or collateralized at all times.

Condition: The Security District's cash deposits at one financial institution were not fully insured or collateralized at all times during the year.

Recommendation: We recommend that the management of the Security District contact the financial institution and arrange to have the bank balances in excess of FDIC coverage fully collateralized. Alternatively, funds in excess of FDIC coverage could be transferred to another financial institution.

Hurstville Security And Neighborhood Improvement District
Summary Schedule of Prior And Current Year Findings With Management's
Response And Planned Corrective Action
Year Ended December 31, 2011

Management's
response and
planned corrective
action:

The Security District concurs with the findings and will consider the most appropriate and practical approach to safeguard cash assets.

Section II – Agreed-Upon Procedures

There were no findings noted for the year ended December 31, 2011

Section III – Management Letter

None issued.

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)**

April 20, 2012 (Date Transmitted)

Pedelahore & Co., LLP
1010 Common St., Suite 2100
New Orleans, LA 70112
(Auditors)

In connection with your review of our financial statements as of December 31, 2011 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of May 15, 2012 (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.
Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

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

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-16), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.
Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.
Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.
Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.
Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:1 through 42:13.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

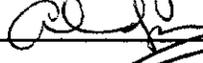
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance that may occur subsequent to the issuance of your report.

	_____	Secretary	5/26/12	Date
	_____	Treasurer	5/26/12	Date
	_____	President	5/29/12	Date