

METAIRIE BUSINESS DEVELOPMENT DISTRICT

FINANCIAL REPORT

DECEMBER 31, 2021

METAIRIE BUSINESS DEVELOPMENT DISTRICT
TABLE OF CONTENTS
DECEMBER 31, 2021

INDEPENDENT AUDITOR’S REPORT.....	1 - 4
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	5 - 11
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Governmental Fund Balance Sheet	14
Reconciliation of the Governmental Fund Balance Sheet – to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance – to the Statement of Activities	17
Notes to the Financial Statements	18 - 24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	25
SUPPLEMENTARY INFORMATION	
General Fund – Schedule of Expenditures – Detailed (Budget and Actual)	26
Schedule of Per Diem Paid to Board Members.....	27
Schedule of Compensation, Benefits, and Other Payments to Agency Head	28
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 - 30
Summary Schedule of Findings.....	31



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June 28, 2022

To the Board of Directors
Metairie Business Development District
Metairie, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Metairie Business Development District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Metairie Business Development District basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Metairie Business Development District as of December 31, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Metairie Business Development 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 opinions.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Metairie Business Development 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 Metairie Business Development 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 Metairie Business Development 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 other supplementary information, as listed in the table of contents, 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

The General Fund – Schedule of Expenditures – Detailed (Budget and Actual), the Schedule of Per Diem Paid to Board Members, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 General Fund – Schedule of Expenditures – Detailed (Budget and Actual), the Schedule of Per Diem Paid to Board Members, and the Schedule of Compensation, Benefits and Other Payments to Agency Head, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of Metairie Business Development District's internal control over financial reporting and on 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 Metairie Business Development 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 Metairie Business Development District's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

The Management's Discussion and Analysis of the Metairie Business Development District's financial performance presents a narrative overview and analysis of the financial activities of the District for the year ended December 31, 2021. This analysis focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information.

This analysis should be read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$2,182,722 (*net position*). Of this amount, \$977,850 or 44.8% is invested in capital assets, and \$300,000 or 13.7% is *restricted net position* (representing funds that are restricted for certain projects). The remaining balance of \$904,872 (*unrestricted net position*) or 41.5% may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$294,887 or 16% during the current year. The revenues of the District totaled \$401,092, an increase of \$195,172 from last year. The increase came from the Jefferson Parish increasing the sales tax TIF to the District to \$400,000 in 2021 from \$200,000 in 2020. The expenses of the District totaled \$106,205, an increase of \$33,921 from last year. The increase in expenses is mostly due to the increase in the District's public space operations and general and administrative expenses.
- At the close of the current fiscal year, the District's governmental fund (the General Fund) reported an ending fund balance of \$1,212,872, an increase of \$294,887, or 32.4% in comparison with the prior year. Of this amount, \$300,000 or 24.9% is *restricted fund balance* (earmarked for the pocket park) and the remaining \$904,872 or 75.1% is available for spending at the government's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The "government-wide financial statements" are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The “Statement of Net Position” presents information on all of the District’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The “Statement of Activities” presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements are designed to distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District only has governmental activities.

The government-wide financial statements can be found on pages 12 and 13 of this report.

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

Governmental funds. “Governmental funds” are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements. The District uses only one fund type, the governmental fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for “governmental funds” with similar information presented for “governmental activities” in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between “governmental fund” and “governmental activities”.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The Schedule of Expenditures – Detailed (Budget and Actual) shows additional detailed financial information on the General Fund and is considered supplementary information. Other Supplementary information, which includes the Schedule of Per Diem Paid to Board Members, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is also included.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,182,722 at December 31, 2021.

CONDENSED STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage Change</u>
Assets:				
Current and other assets	\$ 1,212,872	\$ 909,985	\$ 302,887	33.28%
Capital assets	977,850	977,850	-	-
Total assets	<u>2,190,722</u>	<u>1,887,835</u>	<u>302,887</u>	<u>16.04%</u>
Liabilities:				
Accounts payable	<u>8,000</u>	<u>-</u>	<u>8,000</u>	<u>100%</u>
Net Position:				
Net investment in capital assets	977,850	977,850	-	0.00%
Restricted	300,000	300,000	-	0.00%
Unrestricted	904,872	609,985	294,887	48.34%
Total net position	<u>2,182,722</u>	<u>1,887,835</u>	<u>294,887</u>	<u>15.62%</u>
Total liabilities and net position	<u>\$ 2,190,722</u>	<u>\$ 1,887,835</u>	<u>\$ 302,887</u>	<u>16.04%</u>

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A portion of the District's net position (\$977,850 or 44.8%) reflects its investment in capital assets (e.g., land) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The District reports a *restricted net position* of \$300,000 or 13.7% of its total net position. These funds are restricted by the entities providing the funds for the acquisition and development of a pocket park in the Fat City area.

The balance of *unrestricted net position* (\$904,872 or 41.5%) may be used to meet the District's ongoing obligations to citizens and creditors.

At December 31, 2021, the District is able to report positive balances in all three categories of net position.

Governmental Activities. Governmental activities increased the District's net position by \$294,887 or 15.6%. Key elements of this increase are as follows:

CONDENSED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>Percentage Change</u>
REVENUES:				
General revenues:				
Sales Tax TIF - Jefferson Parish	\$ 400,000	\$ 200,000	\$ 200,000	100.00%
Other Income	-	3,562	(3,562)	100.00%
Special Events Income	750	-	750	100.00%
Interest	342	2,358	(2,016)	-85.50%
Total revenues	<u>401,092</u>	<u>205,920</u>	<u>195,172</u>	<u>94.78%</u>
EXPENSES:				
Business Development:				
General and Administrative	84,062	70,739	13,323	18.83%
Communication and Events	404	827	(423)	-51.15%
Economic Development	1,508	-	1,508	100.00%
Pocket Park Development	-	150	(150)	100.00%
Public Space Operations	20,231	568	19,663	3461.80%
Total expenses	<u>106,205</u>	<u>72,284</u>	<u>33,921</u>	<u>46.93%</u>
Changes in net position	294,887	133,636	161,251	120.66%
Net position, beginning of year	<u>1,887,835</u>	<u>1,754,199</u>	<u>133,636</u>	<u>7.62%</u>
Net position, end of year	<u>\$ 2,182,722</u>	<u>\$ 1,887,835</u>	<u>\$ 294,887</u>	<u>15.62%</u>

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

- Sales Tax TIF - Jefferson Parish earned in 2021 was \$400,000. The amount increased from the previous year as the District negotiated a new agreement with Jefferson Parish. The Parish levies a Sales Tax TIF and allows the District to access these funds for operations. For 2021, the Parish provided the amounts requested from the Sales Tax TIF – Jefferson Parish.
- Interest income earned during the year was \$342.
- Expenses totaled \$106,205. The only function the District provides is the business development function. The majority of these costs related to general and administrative costs (project director fees, insurance, accounting/audit and legal) and public space operations (tree and grass maintenance).

GENERAL FUND BUDGETARY HIGHLIGHTS

The District made some amendments to its original budget during the year ended December 31, 2021. The General Fund's actual revenues and expenditures varied from the final budget as follows:

- Revenues of the General Fund were budgeted at \$400,300 and came in at \$401,092, a favorable variance of \$792. The variance had to do with special events income.
- Expenditures of the General Fund were budgeted at \$400,050 and came in at \$106,205, a positive variance of \$293,845. The majority of the variance was due to the Pocket Park development not occurring in the fiscal year, which was budgeted for \$230,000.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2021 amounts to \$977,850 (net of accumulated depreciation). This investment in capital assets consists of land. The District's net investment in capital assets did not change for the year ended December 31, 2021.

Long-term Debt. The District had no long-term debt at year-end.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 4.5%, which is 4.6% lower than it was a year ago due the effects of COVID-19. Regional inflationary trends compare favorably to national indices.
- The Cooperative Endeavor Agreement with Jefferson Parish adopted on May 19, 2021 increased the Sales Tax TIF funding to \$400,000 per year, greater than the amount received previously (\$200,000 per year). The District will continue to have access to these funds to fund operations in 2021 and 2022.
- All of these factors were considered in preparing the District's budget for 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Tommy Cvitanovich, Board Chair, 3613 Hessmer Ave, Suite 200, Metairie, LA 70002.

FINANCIAL STATEMENTS

METAIRIE BUSINESS DEVELOPMENT DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

CURRENT ASSETS:	
Cash and cash equivalents	\$ 1,212,872
Total current assets	<u>1,212,872</u>
NONCURRENT ASSETS:	
Capital assets, net of depreciation	<u>977,850</u>
TOTAL ASSETS	<u><u>\$ 2,190,722</u></u>
LIABILITIES AND NET POSITION:	
LIABILITIES:	
Accounts payable	<u>\$ 8,000</u>
TOTAL LIABILITIES	<u><u>8,000</u></u>
NET POSITION:	
Net investment in capital assets	977,850
Restricted	300,000
Unrestricted	<u>904,872</u>
Total net position	<u><u>2,182,722</u></u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,190,722</u></u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Function/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Capital Grants</u>	<u>Operating Grants</u>	<u>Governmental Activities</u>
GOVERNMENTAL ACTIVITIES:					
Business Development:					
General and Administrative Costs	\$ 84,062	\$ -	\$ -	\$ -	\$ (84,062)
Economic Development	1,508	-	-	-	(1,508)
Communication and Events	404	-	-	-	(404)
Public Space Operations	<u>20,231</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,231)</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>\$ 106,205</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ (106,205)</u>
 General Revenues:					
Sales tax TIF - Jefferson Parish					400,000
Special events income/sales					750
Interest income					342
Total general revenues					<u>\$ 401,092</u>
 CHANGE IN NET POSITION					 294,887
 Net Position - beginning of year					 <u>1,887,835</u>
 NET POSITION - end of year					 <u>\$ 2,182,722</u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

ASSETS:	
Cash and cash equivalents	<u>\$ 1,212,872</u>
TOTAL ASSETS	<u><u>\$ 1,212,872</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES:	
Accounts payable	<u>\$ 8,000</u>
TOTAL LIABILITIES	<u>8,000</u>
FUND BALANCE:	
Restricted for Fat City Pocket Park	300,000
Unassigned	<u>904,872</u>
TOTAL FUND BALANCE	<u>1,204,872</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 1,212,872</u></u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

Total fund balance at December 31, 2021 - Governmental Fund	\$ 1,204,872
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.	
Capital assets	<u>977,850</u>
Net position of governmental activities	<u><u>\$ 2,182,722</u></u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES:	
Sales tax TIF - Jefferson Parish	\$ 400,000
Special events income/sales	750
Interest income	342
Total revenues	401,092
EXPENDITURES:	
General and administrative costs	84,062
Communication and events	404
Economic Development	1,508
Public space operations	20,231
Total expenditures	106,205
NET CHANGE IN FUND BALANCE	294,887
Fund balance - beginning of year	909,985
FUND BALANCE - end of year	\$ 1,204,872

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Total net change in fund balance - Governmental Fund	\$ 294,887
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reports as depreciation expense	
Depreciation expense	<u>-</u>
Change in net position of governmental activities	<u><u>\$ 294,887</u></u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NATURE OF OPERATIONS

The District is a special district in the Parish of Jefferson, Louisiana which was created by Louisiana Revised Statute (LSA-RS 33:1420.19) in 2014 and authorized by the Parish Council in May 2015. Operations began on June 8, 2015. The District is governed by a Governing Board of nine (9) members, all of whom shall be qualified voters of the Parish and at least seven of whom shall have their principal place of business in, their principal domicile in, or own property in the district. The Board is appointed as follows:

- One member shall be appointed by the Parish President
- One member shall be appointed by the Sheriff of Jefferson Parish
- Two members shall be appointed by the At-large members of the Parish Council
- Three members shall be appointed by the District 5 Councilperson
- One member shall be appointed by the State Senator representing the area, and
- One member shall be appointed by the State Representative representing the area.

The board administers the operations and responsibilities in accordance with the provisions of Louisiana statutes. The District is comprised of the property in Jefferson Parish bounded by Veterans Memorial Boulevard, Causeway Boulevard, West Esplanade Avenue, and Division Street and the development sites fronting on the west side of Division Street.

The District is capable of levying taxes or parcel fees on real estate within the district boundaries; it can sue or be sued; it can accept by gift, grant or donation any sum of money, property, aid, or assistance from federal, state or local entities, or any person, firm or corporation. It can acquire by gift, grant, purchase, or lease such property as may be necessary for carrying out its objectives and it may incur debt in its own name.

The District was formed for the purpose of promoting, encouraging, and participating in projects or plans to stimulate the economy through commerce, industry, and research and for the utilization and development of natural, physical, and human resources in the area that it covers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The financial statements of the Metairie Business Development District (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.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Reporting Entity

GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and its component units. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations. The District does not have any component units.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Because of the nature of the District's operations, it reports only governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. The funds of the District are classified into the governmental category. The category, in turn, is divided into separate fund types.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government. The District has no other fund types.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers taxes as available if they are collected within 60 days after year-end. Taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, as under accrual accounting.

Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include amounts in demand deposits accounts.

Capital Assets

Capital assets, which include land are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position

Net position represents the difference between assets, deferred outflows, liabilities, and deferred inflows. Net position is displayed in three components:

- Net investment in capital assets (net of accumulated depreciation), reduced by the outstanding balance of any debt proceeds used for the acquisition, construction or improvements of those assets;
- Restricted, which includes major categories of restrictions and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets; and
- Unrestricted, consisting of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The government-wide Statement of Net Position includes a restriction on Net Position, as follows:

Net Position - Restricted for Fat City Pocket Park

This amount represents the balance of funds that have been received from Jefferson Parish that are earmarked for the purchase of land for the Fat City pocket park. It contains \$300,000 received from a Charitable Trust that is restricted to developing the pocket park.

Fund Balance

Fund balance is classified in the following components:

Nonspendable includes fund balance amounts that cannot be spent either because it is in nonspendable form (such as inventory) or because of legal or contractual constraints.

Restricted includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers (such as grantors, bondholders, and higher levels of government) or amounts constrained due to constitutional provisions or enabling legislation. This amount represents funds that have been received from the Parish of Jefferson that are earmarked for the purchase of land for the Fat City pocket park, as well as the charitable donation received for developing the park at a future date. As of December 31, 2021, the District has \$300,000 in restricted fund balance.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fund Balance (Continued)

Committed includes fund balance amounts that are constrained for specific purposes that are imposed by the District itself, using its highest level of decision-making authority. For committed fund balances, the District Board is considered to be the highest level of decision-making authority and resolutions passed by it is needed to establish, modify, or rescind a fund balance commitment.

Assigned includes fund balance amounts the District intends to use for specific purposes that are neither considered restricted nor committed. For assigned fund balances, the MBDD Chairman may assign amounts to a specific purpose.

Unassigned fund balance amounts include the residual amounts of fund balance which do not fall into one of the other components. This is the residual classification for the General Fund. As of December 31, 2021, the District has \$912,872 in unassigned fund balance.

While the District has not established a policy for its use of unrestricted fund balances, it does consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Budgetary Accounting

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 via a resolution, which is then submitted to and approved by the Parish of Jefferson.

The General Fund's budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Encumbrances are not recorded for budgetary purposes. Expenditures may not exceed appropriations at the function/segment level within the fund. All annual appropriations which are not expended lapse at year end.

The budgeted amounts represent the original budget and any amendments. The budgeted amounts are included, respectively, as the original and final budgets in the accompanying statements.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates 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.

2. CASH:

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. At December 31, 2021, the District had cash balances totaling \$1,212,872.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party.

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2021, are secured as follows:

Bank balance	\$ 1,219,979
Insured	250,000
Collateralized by pledging bank in District's name	1,336,805
Over-insured	\$ 366,826

METAIRIE BUSINESS DEVELOPMENT DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

3. CAPITAL ASSETS:

The following is a summary of changes in capital assets during the year:

	Balance January 1, <u>2021</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2021</u>
Capital assets, nondepreciable:				
Land	\$ 977,850	\$ -	\$ -	\$ 977,850
Total capital assets, net	<u>\$ 977,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977,850</u>

4. REVENUE:

The District receives funds under a Cooperative Endeavor Agreement (CEA) with the Parish of Jefferson as originally approved by Resolution No. 134645. Under this agreement, the Parish allows the District to expend funds generated from incremental sales taxes in the Metairie Central Business District Trust Fund No. 1 (a Tax Increment Financing (TIF) District). Under the terms of the agreement, the District can request funding from the TIF for operations and capital projects up to \$400,000, subject to approval by the Parish Council. The Parish Council approved a new CEA via Resolution No. 137669 on May 19, 2021, which extends the agreement through December 31, 2022.

During 2021, the District received \$400,000 from the TIF for operations. This represents 99% of total revenues.

5. COMMITMENTS AND CONTINGENCIES:

The District is exposed to various risks of loss resulting from personal injury; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To protect against these risks of loss, the District purchases various types of insurance from commercial carriers. In each policy, the District is responsible for the applicable deductible.

REQUIRED
SUPPLEMENTARY INFORMATION

METAIRIE BUSINESS DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>			Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Sales taxes	\$ 600,000	\$ 400,000	\$ 400,000	\$ -
Special events income/sales	-	-	750	750
Interest Income	3,400	300	342	42
Total Revenues	<u>603,400</u>	<u>400,300</u>	<u>401,092</u>	<u>792</u>
EXPENDITURES:				
General Government:				
General and Administrative Costs	79,700	88,700	84,062	(4,638)
Communication and Events	5,500	4,000	404	(3,596)
Economic Development	-	25,000	1,508	(23,492)
Pocket Park Development	500,000	230,000	-	(230,000)
Public Space Operations	17,350	52,350	20,231	(32,119)
Total Expenditures	<u>602,550</u>	<u>400,050</u>	<u>106,205</u>	<u>(293,845)</u>
NET CHANGE IN FUND BALANCE	850	250	294,887	294,637
Fund balance - beginning of year	<u>865,499</u>	<u>865,499</u>	<u>909,985</u>	<u>44,486</u>
FUND BALANCE - end of year	<u><u>\$ 866,349</u></u>	<u><u>\$ 865,749</u></u>	<u><u>\$ 1,204,872</u></u>	<u><u>\$ 339,123</u></u>

Note: The budgetary schedule has been prepared on the modified accrual basis of accounting, which is consistent with the accounting principles generally accepted in the United States of America.

OTHER SUPPLEMENTARY INFORMATION

METAIRIE BUSINESS DEVELOPMENT DISTRICT
GENERAL FUND
SCHEDULE OF EXPENDITURES - DETAILED (BUDGET AND ACTUAL)
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>			Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
EXPENDITURES:				
General government:				
General and Administrative Costs:				
Accounting Fees	\$ 8,400	\$ 8,400	\$ 8,400	\$ -
Audit fees	7,500	6,000	6,000	-
Insurance premiums	3,500	3,500	3,204	(296)
Legal fees	4,000	11,500	7,674	(3,826)
Office supplies	800	800	631	(169)
Bank service charges	-	2,000	1,957	(43)
Printing and copying	500	1,500	1,496	(4)
Professional fees - other	5,000	5,000	4,700	(300)
Professional fees - Project manager	50,000	50,000	50,000	-
	<u>79,700</u>	<u>88,700</u>	<u>84,062</u>	<u>(4,638)</u>
Communication and Events:				
Advertising and promotion	1,500	1,500	-	(1,500)
Christmas lighting - Fat City	2,500	1,500	-	(1,500)
Website design and maintenance	1,500	1,000	404	(596)
	<u>5,500</u>	<u>4,000</u>	<u>404</u>	<u>(3,596)</u>
Economic Development:				
Professional Fees	-	25,000	1,508	(23,492)
	<u>-</u>	<u>25,000</u>	<u>1,508</u>	<u>(23,492)</u>
Pocket Park Development:				
Improvements to land	500,000	230,000	-	(230,000)
	<u>500,000</u>	<u>230,000</u>	<u>-</u>	<u>(230,000)</u>
Public Space Operations:				
Tree/grass maintenance	6,000	6,000	1,101	(4,899)
Signs and Mural lights	7,850	7,850	368	(7,482)
Professional fees	-	35,000	18,000	(17,000)
Public Space - Misc expenses	3,500	3,500	762	(2,738)
	<u>17,350</u>	<u>52,350</u>	<u>20,231</u>	<u>(32,119)</u>
TOTAL EXPENDITURES	<u>\$ 602,550</u>	<u>\$ 400,050</u>	<u>\$ 106,205</u>	<u>\$ (293,845)</u>

METAIRIE BUSINESS DEVELOPMENT DISTRICT
 SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
 TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head Name: Tommy Cvitanovich, Board Chair

		<u>Amount</u>
Salary	\$	-
Benefits-insurance		-
Benefits-retirement		-
Benefits-medicare		-
Benefits-worker's compensation		-
Benefits-unemployment		-
Cell phone		-
Uniforms		-
Per diem		-
Reimbursements-advertising		-
Travel		-
Fuel usage		-
Continuing professional education fees and conference travel		-
Housing		-
Unvouchered expenses		-
Special meals		-
		<hr/>
TOTAL	\$	<hr/> <hr/>



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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*

June 28, 2022

To the Board of Directors
Metairie Business Development District
Metairie, Louisiana

We have audited, in accordance with the 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 the Metairie Business Development District (the "District"), a component unit of the Parish of Jefferson, Louisiana, as of and for the year ended December 31, 2021, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2022.

Report on Internal Control over Financial Reporting

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

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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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 is 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

METAIRIE BUSINESS DEVELOPMENT DISTRICT
SUMMARY SCHEDULE FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

SUMMARY OF AUDITOR’S RESULTS:

1. The opinion issued on the financial statements of the District for the year ended December 31, 2021 was unmodified.

2. Internal Control
 - Material weaknesses: None noted
 - Significant deficiencies: None noted

3. Compliance and Other Matters
 - Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None