

METAIRIE BUSINESS DEVELOPMENT DISTRICT
METAIRIE, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2020

METAIRIE BUSINESS DEVELOPMENT DISTRICT
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INDEPENDENT AUDITOR'S REPORT

June 25, 2021

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Metairie Business Development District (the "District") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by The Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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 the Metairie Business Development District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

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, General Fund – Schedule of Expenditures – Detailed (Budget and Actual), the Schedule of Per Diem Paid to Board Members, 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 25, 2021 on our consideration of the 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Duplantier, Hargrave, Hogan & Bates LLP
New Orleans, Louisiana

METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 \$1,887,835 (*net position*). Of this amount, \$977,850 or 51.8% is invested in capital assets, and \$300,000 or 15.9% is *restricted net position* (representing funds that are restricted for certain projects). The remaining balance of \$609,985 (*unrestricted net position*) or 32.3% may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$133,636 or 7.62% during the current year. The revenues of the District totaled \$205,920, an increase of \$2,447 from last year. The slight increase came from a small donation during the year. The expenses of the District totaled \$72,284, an increase of \$10,652 from last year (mostly in general and administrative costs for the partial year in 2019 of the project director fees).
- At the close of the current fiscal year, the District's governmental fund (the General Fund) reported an ending fund balance of \$909,985 an increase of \$133,636, or 17.2% in comparison with the prior year. Of this amount, \$300,000 or 33% is *restricted fund balance* (earmarked for the pocket park) and the remaining \$609,985 or 67% is available for spending at the government's discretion (*unassigned fund balance*).
- The District is operating on a "pay-as-you-go" basis and has not incurred any new debt for the past year.

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, 2020**

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 10 and 11 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, 2020**

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 \$1,887,835 at December 31, 2020.

**CONDENSED STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage Change</u>
Current and other assets	\$ 909,985	\$ 776,349	\$ 133,636	17.21%
Capital assets	977,850	977,850	-	-
Total assets	<u>1,887,835</u>	<u>1,754,199</u>	<u>133,636</u>	<u>7.62%</u>
Accounts payable	-	-	-	0.00%
Total liabilities	-	-	-	0.00%
Net Position:				
Net investment in capital assets	977,850	977,850	-	0.00%
Restricted	300,000	300,000	-	0.00%
Unrestricted	609,985	476,349	133,636	28.05%
Total net position	<u>\$ 1,887,835</u>	<u>\$ 1,754,199</u>	<u>\$ 133,636</u>	<u>7.62%</u>

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A portion of the District's net position (\$977,850 or 51.8%) 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 15.9% 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* (\$609,985 or 32.3%) may be used to meet the District's ongoing obligations to citizens and creditors. The District's net position increased by \$133,636 or 7.62% during the current fiscal year.

At December 31, 2020, 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 \$133,636 or 7.62%. Key elements of this increase are as follows:

**CONDENSED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>Percentage Change</u>
REVENUES:				
General revenues:				
Sales tax TIF - Jefferson Parish	\$ 200,000	\$ 200,000	\$ -	0.00%
Donations: Corp. and Individual	3,562	-	3,562	100.00%
Unrestricted interest	2,358	3,473	(1,115)	-32.10%
Total revenues	<u>205,920</u>	<u>203,473</u>	<u>2,447</u>	<u>1.20%</u>
EXPENSES:				
Business Development:				
General and administrative	70,739	59,436	11,303	19.02%
Communication and events	827	354	473	133.62%
Pocket Park Development	150	-	150	100.00%
Public space operations	568	1,842	(1,274)	-69.16%
Total expenses	<u>72,284</u>	<u>61,632</u>	<u>10,652</u>	<u>17.28%</u>
Changes in net position	133,636	141,841	(8,205)	-5.78%
Net position, beginning of year	1,754,199	1,612,358	141,841	8.80%
Net position, end of year	<u>\$ 1,887,835</u>	<u>\$ 1,754,199</u>	<u>\$ 133,636</u>	<u>7.62%</u>

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

- Sales Tax TIF - Jefferson Parish earned in 2020 was \$200,000. The amount did not change from the previous year. The Parish levies a Sales Tax TIF and allows the District to access these funds for operations. For 2020, the Parish provided the amounts requested from the Sales Tax TIF – Jefferson Parish.
- Interest income earned during the year was \$2,358.
- Expenses totaled \$72,284. 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, 2020. The General Fund's actual revenues and expenditures varied from the final budget as follows:

- Revenues of the General Fund were budgeted at \$203,400 and came in at \$205,920, a favorable variance of \$2,520. The variance had to do with a donation.
- Expenditures of the General Fund were budgeted at \$114,250 and came in at \$72,284, a positive variance of \$41,966. General and Administrative costs were \$10,161 under budget, Communication and Events were \$13,173 under budget, Pocket Park Development was \$1,850 under budget, and Public Space operations were \$16,782 under budget.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets. The District's investment in capital assets for its governmental activities as of December 31, 2020 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, 2020. Additional information on the District's capital assets can be found in Note 3 on page 24.

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, 2020**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the Parish of Jefferson is currently 9.10%, which is 5% higher 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 2021.

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, 2020**

CURRENT ASSETS:

Cash and cash equivalents	\$ 909,985
Total Current Assets	<u>909,985</u>

NONCURRENT ASSETS:

Capital assets, net of depreciation	<u>977,850</u>
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TOTAL ASSETS

\$ 1,887,835

LIABILITIES AND NET POSITION:

Current Liabilities:

Accounts payable	\$ -
Total Current Liabilities	<u>-</u>

TOTAL LIABILITIES

\$ -

NET POSITION:

Net investment in capital assets	\$ 977,850
Restricted	300,000
Unrestricted	<u>609,985</u>

TOTAL NET POSITION

\$ 1,887,835

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Function/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Change in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>		
GOVERNMENTAL ACTIVITIES:				
Business Development:				
General and Administrative Costs	\$ 70,739	\$ -	\$ (70,739)	
Communication and Events	827	-	(827)	
Pocket Park Development	150	-	(150)	
Public Space Operations	<u>568</u>	<u>-</u>	<u>(568)</u>	
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 72,284</u>	<u>\$ -</u>	<u>(72,284)</u>	
General Revenues:				
Sales tax TIF - Jefferson Parish			200,000	
Donations: Corp. & Individual			3,562	
Interest income			2,358	
Total general revenues			<u>205,920</u>	
CHANGE IN NET POSITION				
Net Position - beginning of year			<u>1,754,199</u>	
NET POSITION - end of year	<u>\$ 1,887,835</u>			

See accompanying notes.

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

ASSETS:

Cash and cash equivalents	\$ 909,985
TOTAL ASSETS	\$ 909,985

LIABILITIES AND FUND BALANCE

LIABILITIES:

Liabilities:	
Accounts payable	\$ -

TOTAL LIABILITIES	\$ -
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FUND BALANCE:

Restricted for Fat City Pocket Park	\$ 300,000
Unassigned	609,985

TOTAL FUND BALANCE	909,985
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TOTAL LIABILITIES AND FUND BALANCE	\$ 909,985
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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, 2020**

Total fund balance at December 31, 2020 - Governmental Fund \$ 909,985

Amounts reported for govermental 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 977,850

Net position of governmental activities \$ 1,887,835

See accompanying notes.

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020**

REVENUES:

Sales tax TIF - Jefferson Parish	\$ 200,000
Donations	3,562
Interest income	2,358
Total revenues	205,920

EXPENDITURES:

General and administrative costs	70,739
Communication and events	827
Pocket Park Development	150
Public space operations	568
Total expenditures	72,284

NET CHANGE IN FUND BALANCE	133,636
Fund balance - beginning of year	776,349
FUND BALANCE - end of year	\$ 909,985

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, 2020

Total net change in fund balance - Governmental Fund	\$ 133,636
Amounts reported for govermental 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>\$ 133,636</u>

See accompanying notes.

METAIRIE BUSINESS DEVELOPMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020

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, 2020

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, 2020

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 the Parish of Jefferson 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, 2020, the District has \$300,000 in restricted fund balance.

METAIRIE BUSINESS DEVELOPMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020, the District has \$609,985 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, 2020

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, 2020, the District had cash balances totaling \$909,985.

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, 2020, are secured as follows:

Bank balance	\$ 915,909
Insured	250,000
Collateralized by pledging bank in District's name	721,377
Over-insured	\$ 55,467

METAIRIE BUSINESS DEVELOPMENT DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

3. CAPITAL ASSETS:

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

	Balance January 1, <u>2020</u>	<u>Additions</u>	<u>Disposals</u>	Balance December 31, <u>2020</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. 125888. 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 \$200,000, subject to approval by the Parish Council. The Parish Council approved a new CEA via Resolution No. 134645 on December 26, 2019, which extends the agreement through December 31, 2020.

During 2020, the District received \$200,000 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.

6. UNCERTAINTIES:

A novel strain of Coronavirus was reported in New Orleans in March 2020 and continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimate at this time.

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, 2020

	<u>Budgetary Amounts</u>			Variance With <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Sales taxes	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Donations	-	-	3,562	3,562
Interest income	3,400	3,400	2,358	(1,042)
Total revenues	<u>203,400</u>	<u>203,400</u>	<u>205,920</u>	<u>2,520</u>
EXPENDITURES:				
General government:				
General and administrative costs	78,400	80,900	70,739	(10,161)
Communication and events	16,500	14,000	827	(13,173)
Pocket Park Development	2,000	2,000	150	(1,850)
Public space operations	<u>17,350</u>	<u>17,350</u>	<u>568</u>	<u>(16,782)</u>
Total expenditures	<u>114,250</u>	<u>114,250</u>	<u>72,284</u>	<u>(41,966)</u>
NET CHANGE IN FUND BALANCE	89,150	89,150	133,636	44,486
Fund balance - beginning of year	<u>776,349</u>	<u>776,349</u>	<u>776,349</u>	<u>-</u>
FUND BALANCE - end of year	<u>\$ 865,499</u>	<u>\$ 865,499</u>	<u>\$ 909,985</u>	<u>\$ 44,486</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, 2020

	<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	9,000	9,000	6,000	(3,000)	
Insurance premiums	3,500	3,500	3,241	(259)	
Legal fees	1,500	4,000	2,663	(1,337)	
Office supplies	500	500	435	(65)	
Printing and copying	500	500	-	(500)	
Professional fees - other	5,000	5,000	-	(5,000)	
Professional fees - Project manager	50,000	50,000	50,000	-	
	<u>78,400</u>	<u>80,900</u>	<u>70,739</u>	<u>(10,161)</u>	
Communication and Events:					
Advertising and promotion	1,500	1,500	158	(1,342)	
Christmas lighting - Fat City	2,500	2,500	-	(2,500)	
Fall Festival	5,000	5,000	-	(5,000)	
Website design and maintenance	1,500	1,500	669	(831)	
Other Events	6,000	3,500	-	(3,500)	
	<u>16,500</u>	<u>14,000</u>	<u>827</u>	<u>(13,173)</u>	
Public Space Operations:					
Improvements to land	2,000	2,000	150	(1,850)	
	<u>2,000</u>	<u>2,000</u>	<u>150</u>	<u>(1,850)</u>	
Public Space Operations:					
Tree installation and maintenance	6,000	6,000	208	(5,792)	
Holiday signs and lighting	7,850	7,850	-	(7,850)	
Public Space - Misc expenses	3,500	3,500	360	(3,140)	
	<u>17,350</u>	<u>17,350</u>	<u>568</u>	<u>(16,782)</u>	
Capital outlay	-	-	-	-	
TOTAL EXPENDITURES	<u>\$ 114,250</u>	<u>\$ 114,250</u>	<u>\$ 72,284</u>	<u>\$ (41,966)</u>	

**METAIRIE BUSINESS DEVELOPMENT DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Board Member</u>	<u>Position</u>	<u>Appointed By</u>	<u>Amount</u>
Tommy Cvitanovich	Chairman	State Senator District 9	\$ -
Dana Pecoraro	Vice-Chairman	At Large Council Member, Division A	-
Barry Breaux	Treasurer	Parish President	-
Brian Lade	Secretary	District 5 Councilperson	-
Curtis Matthews	Board Member	Sheriff of Jefferson Parish	-
Charles Sibernagel	Board Member	At Large Council Member, Division B	-
Mel Grodsky	Board Member	District 5 Councilperson	-
Pat Leblanc	Board Member	District 5 Councilperson	-
Joseph Riccobono	Board Member	State Representative District 94	-
Total			<u><u>\$ -</u></u>

METAIRIE BUSINESS DEVELOPMENT DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

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	<u>-</u>
 TOTAL	 <u>\$ -</u>

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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 25, 2021

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, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 25, 2021.

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) to determine the 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.

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.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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, Hogan, Hogan & Trotter LLP
New Orleans, Louisiana

METAIRIE BUSINESS DEVELOPMENT DISTRICT
SUMMARY SCHEDULE FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of the District for the year ended December 31, 2020 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