
**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

GRETNA, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2020

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

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**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Statements of Net Position	13
Statements of Revenues, Expenses, and Changes in Net Position	14
Statements of Cash Flows	15
Notes to the Financial Statements	16
Supplemental Information - Schedule of Compensation, Benefits, and Other Payments to Agency Head	28
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 <i>Government Auditing Standards</i>	29

Independent Auditors' Report

The Board of Commissioners
Stonebridge Neighborhood Improvement and Beautification District
Gretna, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Stonebridge Neighborhood Improvement and Beautification District (the District), as of and for the year ended December 31, 2020 and 2019, 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 an opinion on these financial statements based on our audits. We conducted our audits 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of December 31, 2020 and 2019, and the changes in financial position and cash flows thereof for the years 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 on pages 4 through 12 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 an opinion on the financial statements that collectively comprises the District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 28 is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is the responsibility of management and was 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head is 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 May 21, 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.

Postlethwaite & Netterville

Metairie, Louisiana
May 21, 2021

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

As management of the Stonebridge Neighborhood Improvement and Beautification District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights - 2020

- The assets of the District were less than the liabilities by \$617,280 at December 31, 2020 and by \$413,848 at December 31, 2019 (net deficit).
- The District's total net deficit increased by \$203,432 during the year ended December 31, 2020 and by \$358,703 during the year ended December 31, 2019.
- During the year ended December 31, 2020, the District acquired lawn maintenance equipment of \$118,126 through a capital lease.
- During the year ended December 31, 2020, the District increased construction in progress by \$441,527 for construction costs and engineering fees for clubhouse improvements.
- During the year ended December 31, 2020, the District's total outstanding debt decreased by \$330,000 related to principal payments on the outstanding bonds and decreased by \$87,564 related to principal payments on the capital lease.

Financial Highlights - 2019

- The assets and deferred outflows of the District were less than the liabilities and deferred inflows by \$413,848 at December 31, 2019 and by \$55,145 at December 31, 2018 (net deficit).
- The District's total net deficit increased by \$358,703 during the year ended December 31, 2019 and by \$62,853 during the year ended December 31, 2018.
- During the year ended December 31, 2019, the District's total outstanding debt decreased by \$70,000 related to principal payments on the outstanding bonds and decreased by \$64,729 related to principal payments on the capital lease.

Overview of the Financial Statements

The District's financial information is presented as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

An analysis of the District's financial position begins with the Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position. These two financial statements report the District's net position and changes therein. The net position—the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources—is key to measuring the financial health of the District. Over time, increases or decreases in the net position value are an indication of whether the financial position is improving or deteriorating. However, it should be noted that the financial position might also be affected by other non-financial factors, including economic conditions, customer growth, weather conditions, and changing regulations.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis - 2020

The Statement of Net Position includes information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position (deficit). The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF NET POSITION**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Current assets			
Cash and cash equivalents	\$ 2,830,763	\$ 834,930	\$ 1,995,833
Property tax receivable	911,000	834,033	76,967
Investments	-	2,566,412	(2,566,412)
Other current assets	98,270	68,396	29,874
Total current assets	<u>3,840,033</u>	<u>4,303,771</u>	<u>(463,738)</u>
Noncurrent assets			
Capital assets, net	2,555,503	2,311,370	244,133
Total noncurrent assets	<u>2,555,503</u>	<u>2,311,370</u>	<u>244,133</u>
Total assets	<u>\$ 6,395,536</u>	<u>\$ 6,615,141</u>	<u>\$ (219,605)</u>
Current liabilities			
Accounts payable and accrued expenses	\$ 405,751	\$ 122,486	\$ 283,265
Current portion of noncurrent liabilities	440,943	398,898	42,045
Total current liabilities	<u>846,694</u>	<u>521,384</u>	<u>325,310</u>
Noncurrent liabilities			
Bonds payable	5,955,000	6,300,000	(345,000)
Capital lease	211,122	207,605	3,517
Total noncurrent liabilities	<u>6,166,122</u>	<u>6,507,605</u>	<u>(341,483)</u>
Total liabilities	<u>7,012,816</u>	<u>7,028,989</u>	<u>(16,173)</u>
Net deficit			
Unrestricted	(617,280)	(413,848)	(203,432)
Total net deficit	<u>\$ (617,280)</u>	<u>\$ (413,848)</u>	<u>\$ (203,432)</u>

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis – 2020 (continued)

In 2020, the net deficit increased by \$203,432 to a net deficit of \$617,280. Current assets decreased by \$463,738 due to the use of cash and investments to fund construction in progress. Cash and cash equivalents increased by \$1,995,833. Capital assets, net of accumulated depreciation increased by \$244,133 to \$2,555,503 due to current year additions in excess of depreciation expense. The current liabilities increased by \$325,310 to \$846,694 due to an increase in accounts payable of \$283,265, primarily related to construction related invoices. Non-current liabilities decreased by \$341,483 to \$6,166,122 primarily due to the principal payment of \$330,000 on the bonds.

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 1,053,170	\$ 892,979	\$ 160,191
Operating expenses, excluding depreciation	(1,577,402)	(1,543,557)	(33,845)
Depreciation expense	<u>(338,922)</u>	<u>(294,179)</u>	<u>(44,743)</u>
Operating income (loss)	<u>(863,154)</u>	<u>(944,757)</u>	<u>81,603</u>
Property tax revenue	963,718	879,629	84,089
Interest expense	(354,270)	(397,389)	43,119
Other income (expense)	<u>50,274</u>	<u>103,814</u>	<u>(53,540)</u>
Nonoperating income (loss), net	<u>659,722</u>	<u>586,054</u>	<u>73,668</u>
Change in net deficit	(203,432)	(358,703)	155,271
Net deficit, beginning of year	<u>(413,848)</u>	<u>(55,145)</u>	<u>(358,703)</u>
Net deficit, end of year	<u>\$ (617,280)</u>	<u>\$ (413,848)</u>	<u>\$ (203,432)</u>

Operating revenues increased by \$160,191 primarily due to an increase in golf and related activities revenue. Operating expenses increased by \$33,845 for the year ended December 31, 2020. This together with the increase in depreciation expense of \$44,743 resulted in a decreased operating loss of \$81,603 for the year ended December 31, 2020 compared to the year ended December 31, 2019. Net non-operating income (loss) increased by \$73,668 primarily due to the increase in property tax revenue of \$84,089, a decrease in interest expense of \$43,119, and a decrease in interest income of \$53,540 for the year ended December 31, 2020 compared to the year ended December 31, 2019.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis – 2020 (continued)

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of outstanding debt and capital additions.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF CASH FLOWS**

	<u>2020</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ (538,512)	\$ (688,320)	\$ 149,808
Noncapital financing activities	886,751	936,374	(49,623)
Capital financing activities	(976,336)	(1,172,247)	195,911
Investing activities	<u>2,623,930</u>	<u>530,158</u>	<u>2,093,772</u>
Net change in cash and cash equivalents	1,995,833	(394,035)	2,389,868
Beginning of year cash and cash equivalents	<u>834,930</u>	<u>1,228,965</u>	<u>(394,035)</u>
End of year cash and cash equivalents	<u>\$ 2,830,763</u>	<u>\$ 834,930</u>	<u>\$ 1,995,833</u>

Cash and cash equivalents increased by \$1,995,833 during the year ended December 31, 2020. The District recognized the following significant cash transactions during the year ended December 31, 2020:

- Cash used in operations of \$538,512 as the 2020 year was the second full year of golf course operations and the second full year of management by the third-party company.
- Cash provided by noncapital financing activities of \$886,751 due to the receipt of property taxes during the 2020 year.
- Cash used by capital and related financing activities of \$976,336 includes the payments of interest of \$355,535, building and equipment purchases of \$203,237 and debt principal payments of \$417,564.
- Cash provided by investing activities of \$2,623,930 primarily represents proceeds from maturity of investments and interest income received during the 2020 year.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis – 2019

The Statement of Net Position includes information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position (deficit). The statement provides the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF NET POSITION**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Current assets			
Cash and cash equivalents	\$ 834,930	\$ 1,228,965	\$ (394,035)
Property tax receivable	834,033	890,778	(56,745)
Investments	2,566,412	2,000,000	566,412
Other current assets	68,396	71,784	(3,388)
Total current assets	<u>4,303,771</u>	<u>4,191,527</u>	<u>112,244</u>
Noncurrent assets			
Capital assets, net	2,311,370	2,193,648	117,722
Investments	-	1,000,000	(1,000,000)
Total noncurrent assets	<u>2,311,370</u>	<u>3,193,648</u>	<u>(882,278)</u>
Total assets	<u>\$ 6,615,141</u>	<u>\$ 7,385,175</u>	<u>\$ (770,034)</u>
Current liabilities			
Accounts payable and accrued expenses	\$ 122,486	\$ 399,088	\$ (276,602)
Current portion of non current liabilities	398,898	126,435	272,463
Total current liabilities	<u>521,384</u>	<u>525,523</u>	<u>(4,139)</u>
Noncurrent liabilities			
Bonds payable	6,300,000	6,630,000	(330,000)
Capital lease	207,605	284,797	(77,192)
Total noncurrent assets	<u>6,507,605</u>	<u>6,914,797</u>	<u>(407,192)</u>
Net deficit			
Unrestricted	<u>(413,848)</u>	<u>(55,145)</u>	<u>(358,703)</u>
Total net deficit	<u>\$ (413,848)</u>	<u>\$ (55,145)</u>	<u>\$ (358,703)</u>

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis – 2019 (continued)

In 2019, the net deficit decreased by \$358,703 to a net deficit of \$413,848. Current assets increased by \$112,244 and cash and cash equivalents decreased by \$394,035. Capital assets, net of \$2,193,648 increased by \$117,722 to \$2,311,370 due to current year additions in excess of depreciation expense. The non-current investments of \$1,000,000 decreased to zero as the District no longer holds any certificates of deposit which mature in excess of one year from December 31, 2019. The current liabilities decreased by \$4,139 to \$521,384 due to a decrease in accounts payable of \$276,602 offset by an increase in the current portion of non-current liabilities of \$272,463. Non-current liabilities decreased by \$407,192 to \$6,507,605 due to a decrease in the current portion of the long-term debt at December 31, 2019.

The Statements of Revenues, Expenses, and Changes in Net Position provide an indication of the District's financial health.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 892,979	\$ 646,862	\$ 246,117
Operating expenses, excluding depreciation	(1,543,557)	(1,164,092)	(379,465)
Depreciation expense	<u>(294,179)</u>	<u>(158,883)</u>	<u>(135,296)</u>
Operating income (loss)	<u>(944,757)</u>	<u>(676,113)</u>	<u>(268,644)</u>
Property tax revenue	879,629	890,778	(11,149)
Interest expense	(397,389)	(260,673)	(136,716)
Other income (expense)	<u>103,814</u>	<u>(16,845)</u>	<u>120,659</u>
Nonoperating income (loss), net	<u>586,054</u>	<u>613,260</u>	<u>(27,206)</u>
Change in net deficit	(358,703)	(62,853)	(295,850)
Net deficit, beginning of year	<u>(55,145)</u>	<u>7,708</u>	<u>(62,853)</u>
Net deficit, end of year	<u>\$ (413,848)</u>	<u>\$ (55,145)</u>	<u>\$ (358,703)</u>

Operating revenues increased by \$246,117 while operating expenses increased by \$379,465 for the year ended December 31, 2019. This together with the increase in depreciation expense of \$135,296 resulted in an increased operating loss of \$268,644 for the year ended December 31, 2019. Non-operating income decreased by \$27,206 primarily due to the increase in interest expense of \$136,716, increase in interest income of \$72,324 and a decrease in bond issuance costs of \$48,335 for the year ended December 31, 2019. The increase in operating revenues and operating expenses was primarily due to a full year of operations in 2019.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Financial Analysis – 2019 (continued)

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and cash payments for repayment of outstanding debt and capital additions.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT
CONDENSED STATEMENTS OF CASH FLOWS**

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Cash flows from:			
Operating activities	\$ (688,320)	\$ (442,829)	\$ (245,491)
Noncapital financing activities	936,374	-	936,374
Capital financing activities	(1,172,247)	4,637,462	(5,809,709)
Investing activities	530,158	(2,968,510)	3,498,668
Net change in cash and cash equivalents	<u>(394,035)</u>	<u>1,226,123</u>	<u>(1,620,158)</u>
Beginning of year cash and cash equivalents	1,228,965	2,842	1,226,123
End of year cash and cash equivalents	<u>\$ 834,930</u>	<u>\$ 1,228,965</u>	<u>\$ (394,035)</u>

Cash and cash equivalents decreased by \$394,035 during the year ended December 31, 2019. The District recognized the following significant cash transactions during the year ended December 31, 2019:

- Cash used in operations of \$688,320 as the 2019 year was the first full year of golf course operations and the first full year of management by the third-party company.
- Cash provided by noncapital financing activities increased by \$936,374 due to the receipt of property taxes during the 2019 year.
- Cash used by capital and related financing activities of \$1,172,247 includes the payments of interest of \$625,617, building and equipment purchases of \$411,901 and noncurrent debt principal payments of \$134,729.
- Cash provided by investing activities of \$530,158 primarily represents proceeds from maturity of investments and interest income received during the 2019 year.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Capital Assets

At December 31, 2020, the District had \$2,555,503 invested in a range of capital assets including buildings and equipment as shown below.

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 1,476,106	\$ 1,677,489
Golf course equipment	415,615	413,893
Furniture and fixtures	23,703	20,408
Computer equipment	494	1,522
Construction in progress	<u>639,585</u>	<u>198,058</u>
Capital assets, net	<u>\$ 2,555,503</u>	<u>\$ 2,311,370</u>

During the year ended December 31, 2020, the District upgraded and improved existing equipment of the District. The 2020 significant capital asset additions are the lawn maintenance equipment of \$118,126 and the construction and related engineering services of \$441,527 for the clubhouse improvements.

At December 31, 2019, the District had \$2,133,370 invested in a range of capital assets including buildings and equipment as shown below.

	<u>2019</u>	<u>2018</u>
Buildings and improvements	\$ 1,677,489	\$ 1,541,806
Golf course equipment	413,893	513,184
Furniture and fixtures	20,408	18,208
Computer equipment	1,522	2,550
Construction in progress	<u>198,058</u>	<u>117,900</u>
Capital assets, net	<u>\$ 2,311,370</u>	<u>\$ 2,193,648</u>

During the year ended December 31, 2019, the District upgraded and improved existing equipment of the District. The 2019 significant capital asset addition is the bunker improvements project of \$106,214 and clubhouse improvements and related architect and engineering services of \$198,058.

Additional information on the District's capital assets can be found in Note 3 of the Notes to the Financial Statements.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2020**

Debt Administration

The District had outstanding bonds of \$6,300,000 and \$6,630,000 at December 31, 2020 and 2019, respectively. Proceeds from the outstanding bonds were used for the acquisition of the Stonebridge Golf Club and related amenities. The remaining bond proceeds are to be used to fund construction, improvements, operations, and maintenance of the golf course and related facilities. The bonds mature in 2033. The District has capital leases with an outstanding balance of \$307,065 and \$276,503 at December 31, 2020 and 2019, respectively. During the year ended December 31, 2020, the District acquired \$118,126 of new lawn equipment through capital lease.

Additional information on the District's long-term debt can be found in Note 4 of the Notes to the Financial Statements.

Economic Outlook, FY 2021 Budgets and Rates

The 2020 year was the second full calendar year of operations since the District acquired the Stonebridge Golf Club and related property. The District is working with its management company (Touchstone Golf, LLC) to improve efficiency in golf operations, including increase of rates to better reflect the improvements made to the golf course and monitoring of expenses. The operations of the District were impacted during the 2020 year due to COVID-19.

The outbreak of COVID-19 in early March 2020 created a series of challenges to the future of the District. Based on the initial Proclamations of Louisiana government, the District was mandated to cease the delivery of food and beverage as well as hosting gatherings of 50 or more effectively closing the club house. On March 22, 2020, the District was directed by the management company to suspend operations. In response to this directive, the District developed a strategy to continue to operate the golf course, adhering to the CDC COVID-19 guidelines, while creating a method to allow for the delivery of food and beverage through a modified take out/drive thru program. The District continued to work closely with the management company, Touchstone Golf, LLC to keep the District operational. The District continues to be diligent in its efforts to do everything possible to honor the District's commitment to the members of the Stonebridge Neighborhood Improvement and Beautification District to maintain the quality of life they so value.

Some of the planned capital improvements in 2020 were delayed due to COVID-19 and the clubhouse improvements are in progress at December 31, 2020.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the District's Board Chair at 1500 Stonebridge Drive, Gretna, Louisiana, 70056.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 2,830,763	\$ 834,930
Property tax receivable	911,000	834,033
Accounts receivable	-	22,434
Investments	-	2,566,412
Inventory	40,969	28,382
Prepaid expenses and other assets	57,301	17,580
Total current assets	3,840,033	4,303,771
<u>NONCURRENT ASSETS</u>		
Capital assets, net	1,915,918	2,113,312
Construction in progress	639,585	198,058
Total noncurrent assets	2,555,503	2,311,370
<u>TOTAL ASSETS</u>	\$ 6,395,536	\$ 6,615,141

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 326,143	\$ 31,457
Accrued interest on bonds payable	28,276	29,541
Bonds payable, current portion	345,000	330,000
Capital lease, current portion	95,943	68,898
Other current liabilities	51,332	61,488
Total current liabilities	846,694	521,384
<u>NONCURRENT LIABILITIES</u>		
Bonds payable	5,955,000	6,300,000
Capital lease	211,122	207,605
Total noncurrent liabilities	6,166,122	6,507,605
Total liabilities	\$ 7,012,816	\$ 7,028,989
<u>NET POSITION</u>		
Unrestricted deficit	\$ (617,280)	\$ (413,848)
Total net deficit	\$ (617,280)	\$ (413,848)

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

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>OPERATING REVENUES</u>		
Golf and related activities	\$ 547,905	\$ 409,649
Merchandise sales	73,999	44,734
Food & beverage sales	220,712	246,408
Membership dues	210,554	192,188
Total operating revenues	<u>1,053,170</u>	<u>892,979</u>
<u>EXPENSES</u>		
Golf and related activities	872,128	833,971
Merchandise	43,534	25,565
Food & beverage	232,039	184,833
Marketing	18,707	47,043
General and administrative	410,994	452,145
Depreciation	338,922	294,179
Total operating expenses	<u>1,916,324</u>	<u>1,837,736</u>
<u>OPERATING LOSS</u>	(863,154)	(944,757)
<u>NONOPERATING INCOME (LOSS)</u>		
Property tax revenue	963,718	879,629
Interest income	50,274	103,814
Interest expense	(354,270)	(397,389)
Total nonoperating income (loss), net	<u>659,722</u>	<u>586,054</u>
<u>CHANGE IN NET POSITION</u>	(203,432)	(358,703)
<u>NET DEFICIT, BEGINNING OF THE YEAR</u>	<u>(413,848)</u>	<u>(55,145)</u>
<u>NET DEFICIT, END OF THE YEAR</u>	<u>\$ (617,280)</u>	<u>\$ (413,848)</u>

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

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Received from customers and members	\$ 1,068,360	\$ 902,490
Paid to suppliers for goods and services	<u>(1,606,872)</u>	<u>(1,590,810)</u>
Net cash used in operating activities	<u>(538,512)</u>	<u>(688,320)</u>
<u>CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES</u>		
Property tax receipts	<u>886,751</u>	<u>936,374</u>
Net cash provided by noncapital and related financing activities	<u>886,751</u>	<u>936,374</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Purchase of building and equipment	(23,402)	(213,843)
Purchase of construction in progress	(179,835)	(198,058)
Payments of interest	(355,535)	(625,617)
Principal payments on capital lease	(87,564)	(64,729)
Principal payments on bonds	<u>(330,000)</u>	<u>(70,000)</u>
Net cash used in capital and related financing activities	<u>(976,336)</u>	<u>(1,172,247)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of investments	(43,814)	(2,110,464)
Proceeds from maturity of investments	2,610,226	2,544,052
Interest received	<u>57,518</u>	<u>96,570</u>
Net cash provided by investing activities	<u>2,623,930</u>	<u>530,158</u>
Net change in cash and cash equivalents	1,995,833	(394,035)
Cash and cash equivalents, beginning of year	<u>834,930</u>	<u>1,228,965</u>
Cash and cash equivalents, end of year	<u>\$ 2,830,763</u>	<u>\$ 834,930</u>
Reconciliation of net operating loss to net cash used in operating activities are as follows:		
Operating loss	\$ (863,154)	\$ (944,757)
Adjustments to reconcile net operating loss to net cash used in operating activities:		
Depreciation	338,922	294,179
Change in operating assets and liabilities:		
Decrease in accounts receivable	15,190	9,511
Increase in inventory	(12,587)	(2,900)
Decrease (increase) in prepaid expenses and other assets	(39,721)	4,021
Increase (decrease) in accounts payable and accrued expenses	32,994	(75,223)
Increase in other current liabilities	<u>(10,156)</u>	<u>26,849</u>
Net cash used in operating activities	<u>\$ (538,512)</u>	<u>\$ (688,320)</u>
Non-cash acquisition of lawn equipment through capital lease	<u>\$ 118,126</u>	<u>\$ -</u>

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

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies

Organization

The Stonebridge Neighborhood Improvement and Beautification District (the District) was created by Jefferson Parish Ordinance No. 25207, under authority of the provision of Article 6, Section 19 of the Louisiana Constitution of 1974, Section 2.01 (7) of the Jefferson Parish Home Rule Charter, and Act 400 of the Regular Session of the Louisiana Legislature for the year 2016, enacted as R.S. 33.9099.3. The primary objective and purpose of the District shall be to promote and encourage the improvement, beautification, and overall betterment of the neighborhood located within the boundaries of the District in order to add to the quality of life of district residents by maintaining property values, increasing the tax base, fostering economic growth, and providing for recreational activities. The funds of the District shall not be used for the improvement and maintenance of a security wall around the neighborhood, provision and maintenance of guardhouses, or provision and improvement of security patrols in the area.

The District shall constitute a special taxing district and political subdivision and it shall have the power and privilege to incur debt, to issue bonds and to levy and collect taxes, special assessments and fees, upon a majority vote of the electorate of the District; to issue certificates of indebtedness; and including the authority to acquire property located within the boundaries of the District, however, the District shall not be authorized to acquire property by expropriation.

Reporting Entity

The District is governed by a Board of Commissioners consisting of seven members appointed as follows: (1) The President of the Stonebridge Property Owners' Association (one-year term), and (2) Two members elected from the property owners of the Harvey side of the District (two-year term), and (3) Two members elected from the property owners of the Gretna side of the District (two-year term), and (4) Two at-large members elected from the property owners (one-year term). The Board of Commissioners of the District shall be members of the Stonebridge Property Owners' Association and own property within the District.

Component units are a legally separate organization for which elected officials of the primary government (the District) are financially accountable. Component unit status is determined using the following criteria:

1. Able to impose its will on the component unit
2. There is potential for the component unit to provide specific financial benefits to or impose financial burdens on the District.

Based on the application of the above criteria, the District has no component units. As a result, the accompanying financial statements present information only on the District. Additionally, the District is not a component unit of any other government.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The term measurement focus is used to denote what is being measured and reported in the District's operating statement. The District is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the District is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The District is presented as an enterprise fund which is used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred, and net income is necessary for management accountability.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include amounts in non-interest-bearing demand deposits. Under state law, the District may deposit funds in federally insured or collateralized demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States of America.

Investments

The District's investments (certificates of deposit) are recorded at amortized cost. There is no material difference from fair value for investments that mature after one year. Interest and dividend income are recorded on the accrual basis.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts

Accounts receivable are carried at a net amount less an estimated allowance for doubtful accounts. Management determines the allowance for doubtful accounts by identifying uncollectible accounts applied to the outstanding accounts receivable. The District does not charge interest on accounts receivable. Accounts receivable are written-off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written-off are recorded as a reduction of bad debt expense when received. The District expects accounts receivable at December 31, 2020 and 2019 to be fully collectible; therefore, no allowance for doubtful accounts was recorded at December 31, 2020 or 2019.

Inventory

Inventory is recorded at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Capital Assets

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.

Capital assets are recorded at cost or the estimated acquisition value at the time of contribution to the District. Major outlays for capital assets are capitalized as projects are constructed. Interest incurred (net of interest earned on invested proceeds during the construction phase) is reflected in the capitalized value of the capital assets constructed. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	10-30 years
Furniture, fixtures - clubhouse	5 years
Golf course equipment	3-5 years
Computer equipment	3 years

Donated capital assets are valued at their estimated acquisition value at the date donated.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until that future time. The District reports no deferred outflows at December 31, 2020 or 2019.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (continued)

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable Statements of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time. The District reports no deferred inflows at December 31, 2020 and 2019.

Net Position

Net position classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The net investment in capital assets was \$0 at December 31, 2020 and 2019.

Restricted- This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District did not have restricted net position at December 31, 2020 and 2019.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets” as described above.

When both restricted and unrestricted resources are available for use, the District’s policy is to use restricted resources first, then unrestricted resources as they are needed.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

1. Summary of Significant Accounting Policies (continued)

Revenues and Expenses

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's ongoing operations. The principal operating revenues of the District are golf operations, merchandise sales, facility rentals, food and beverage operations, and membership dues. Operating expenses include the costs of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

2. Cash and Cash Equivalents and Investments

The District's cash and investments were comprised of the following at December 31:

	<u>2020</u>	<u>2019</u>
Demand deposits and cash on hand	\$ 240,618	\$ 171,619
Money market account	2,590,145	663,311
Certificates of deposit - nonnegotiable	-	2,566,412
Total cash and investments	<u>\$ 2,830,763</u>	<u>\$ 3,401,342</u>

Reconciliation to amounts reported on the Statements of Net Position at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,830,763	\$ 834,930
Investments, current	-	2,566,412
Total cash and investments	<u>\$ 2,830,763</u>	<u>\$ 3,401,342</u>

Investment of the District's funds is restricted by state law, bond documents, and the District's investment policy.

Deposits in local financial institutions are insured by the FDIC in the amount of \$250,000 for time and savings accounts and, \$250,000 for interest-bearing demand deposit accounts (interest bearing and non-interest bearing). At December 31, 2020 and 2019, the entire bank balance was covered by FDIC or by collateral of \$4,266,413 and \$5,568,500, respectively held by the District's agent in the District's name.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District. The District does not have any deposits or exposed to custodial credit risk as they are fully insured or collateralized.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. Cash and Cash Equivalents and Investments (continued)

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have any investments exposed to custodial credit risk. The District's investment policy does not address this risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

At December 31, 2019, the District's investments were rated as follows:

<u>Investment Type</u>	<u>Standard and Poor's rating</u>
Certificates of deposit – nonnegotiable	Not rated

The District's investment policy does not address this risk.

Concentration of Credit Risk

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>
		<u>2019</u>
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	40%
Hancock Whitney Bank	Certificate of deposit – nonnegotiable	40%
Hancock Whitney Bank	Certificate of deposit – nonnegotiable	20%

The District's investment policy does not address this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

At December 31, 2020, the District held no investments.

At December 31, 2019, the District's investments were as follows:

<u>Investment type</u>	<u>Amortized Cost</u>	<u>Maturity (In Years)</u>		
		<u>Less than 1 year</u>	<u>1-5 years</u>	<u>>5 years</u>
Certificates of deposit - nonnegotiable	<u>\$ 2,566,412</u>	<u>\$ 2,566,412</u>	<u>\$ -</u>	<u>\$ -</u>

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Capital Assets

Capital asset and construction in progress balances and current year activity for the year ended December 31, 2020 are as follows:

	January 1, 2020	Additions	Retirements	December 31, 2020
Non-depreciable assets:				
Construction in progress	\$ 198,058	\$ 441,527	\$ -	\$ 639,585
Total non-depreciable assets	<u>198,058</u>	<u>441,527</u>	<u>-</u>	<u>639,585</u>
Depreciable assets:				
Buildings and improvements	1,703,758	-	-	1,703,758
Golf course equipment	562,340	131,026	-	693,366
Furniture and fixtures	25,528	10,502	-	36,030
Computer equipment	3,084	-	-	3,084
Ground improvements	259,290	-	-	259,290
Landscaping	12,374	-	-	12,374
Total depreciable assets	<u>2,566,374</u>	<u>141,528</u>	<u>-</u>	<u>2,707,902</u>
Total asset cost	<u>2,764,432</u>	<u>583,055</u>	<u>-</u>	<u>3,347,487</u>
Accumulated depreciation				
Buildings and improvements	(292,499)	(170,587)	-	(463,086)
Golf course equipment	(148,446)	(129,304)	-	(277,750)
Furniture and fixtures	(5,120)	(7,207)	-	(12,327)
Computer equipment	(1,562)	(1,028)	-	(2,590)
Ground improvements	(2,946)	(26,671)	-	(29,617)
Landscaping	(2,489)	(4,125)	-	(6,614)
Total accumulated depreciation	<u>(453,062)</u>	<u>(338,922)</u>	<u>-</u>	<u>(791,984)</u>
Capital assets, net	<u>\$ 2,311,370</u>	<u>\$ 244,133</u>	<u>\$ -</u>	<u>\$ 2,555,503</u>

At December 31, 2020, the construction in progress of \$639,585 represents architect and engineering fees and construction costs related to planned renovations and repairs to the main clubhouse.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

3. Capital Assets (continued)

Capital asset and construction in progress balances and current year activity for the year ended December 31, 2019 are as follows:

	January 1, 2019	Additions	Retirements	December 31, 2019
Non-depreciable assets:				
Construction in progress	\$ 117,900	\$ 326,399	\$ (246,241)	\$ 198,058
Total non-depreciable assets	<u>117,900</u>	<u>326,399</u>	<u>(246,241)</u>	<u>198,058</u>
Depreciable assets:				
Buildings and improvements	1,666,182	37,576	-	1,703,758
Golf course equipment	546,730	15,610	-	562,340
Furniture and fixtures	18,635	6,893	-	25,528
Computer equipment	3,084	-	-	3,084
Ground improvements	-	259,290	-	259,290
Landscaping	-	12,374	-	12,374
Total depreciable assets	<u>2,234,631</u>	<u>331,743</u>	<u>-</u>	<u>2,566,374</u>
Total asset cost	<u>2,352,531</u>	<u>658,142</u>	<u>(246,241)</u>	<u>2,764,432</u>
Accumulated depreciation				
Buildings and improvements	(124,376)	(168,123)	-	(292,499)
Golf course equipment	(33,546)	(114,900)	-	(148,446)
Furniture and fixtures	(427)	(4,693)	-	(5,120)
Computer equipment	(534)	(1,028)	-	(1,562)
Ground improvements	-	(2,946)	-	(2,946)
Landscaping	-	(2,489)	-	(2,489)
Total accumulated depreciation	<u>(158,883)</u>	<u>(294,179)</u>	<u>-</u>	<u>(453,062)</u>
Capital assets, net	<u>\$ 2,193,648</u>	<u>\$ 363,963</u>	<u>\$ (246,241)</u>	<u>\$ 2,311,370</u>

At December 31, 2019, the construction in progress of \$198,058 represents architect and engineering fees related to planned repairs to the main clubhouse.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

4. Long -Term Obligations

Bonds Payable

Long-term obligations consist of the following bonds payable at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
\$6,700,000 Taxable Limited Tax Bonds, Series 2018, issued March 2018, interest between 4.450% and 5.800%, payable in annual principal and quarterly interest payments through 2033.	\$ 6,300,000	\$ 6,630,000
less current portion	(345,000)	(330,000)
Long-term bonds payable	<u>\$ 5,955,000</u>	<u>\$ 6,300,000</u>

The future minimum payments of the outstanding bonds as of December 31, 2020 are as follows:

Year Ended December 31	Principal	Interest	Total
2021	\$ 345,000	\$ 327,014	\$ 672,014
2022	365,000	309,641	674,641
2023	380,000	291,108	671,108
2024	400,000	271,255	671,255
2025	425,000	249,789	674,789
2026-2030	2,515,000	864,138	3,379,138
2031-2033	1,870,000	138,151	2,008,151
Total	<u>\$ 6,300,000</u>	<u>\$ 2,451,096</u>	<u>\$ 8,751,096</u>

The outstanding bonds are secured by and payable from an irrevocable pledge and dedication of the funds to be derived from the levy and collection of the ad valorem tax as described in Note 5 and 6 to the financial statements.

Capital Lease Commitments

At December 31, 2020 and 2019, the District acquired golf and lawn equipment valued at \$481,489 and \$363,363, respectively, that was financed with lease purchase agreements. Amortization expense of \$84,486 and \$72,673 relating to assets acquired under capital leases is included in depreciation expense for the years ended December 31, 2020 and 2019.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

4. Long -Term Obligations (continued)

Obligations of the District under the capital leases as of December 31, 2020 are as follows:

<u>Year ended December 31</u>	<u>Lease Payment Requirements</u>
2021	\$ 105,648
2022	105,648
2023	79,558
2024	24,858
2025	<u>11,428</u>
Total minimum lease payments	327,140
Less: Interest cost	<u>(20,075)</u>
Present value of minimum lease payments	<u>\$ 307,065</u>

Long-term debt activity

Long term obligations activity for the years ended December 31, 2020 and 2019 are as follows:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2020</u>
Tax bonds, Series 2018	\$ 6,630,000	\$ -	\$ (330,000)	\$ 6,300,000
Capital lease obligations	<u>276,503</u>	<u>118,126</u>	<u>(87,564)</u>	<u>307,065</u>
Total	<u>\$ 6,906,503</u>	<u>\$ 118,126</u>	<u>\$ (417,564)</u>	<u>\$ 6,607,065</u>
	<u>January 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2019</u>
Tax bonds, Series 2018	\$ 6,700,000	\$ -	\$ (70,000)	\$ 6,630,000
Capital lease obligations	<u>341,232</u>	<u>-</u>	<u>(64,729)</u>	<u>276,503</u>
Total	<u>\$ 7,041,232</u>	<u>\$ -</u>	<u>\$ (134,729)</u>	<u>\$ 6,906,503</u>

5. Ad Valorem Tax

In November 2017, the residents of the District voted and approved an ad valorem tax rate of \$45 per \$1,000 of assessed valuation for a term of 20 years (2018 – 2037) for use in the improvement, beautification, and overall betterment of the District. The District levies an ad valorem tax on real property as of November 15 of each year. The tax is due and becomes an enforceable lien on the property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). The tax is delinquent 30 days after its due date. Taxes are levied based on property values determined by the Jefferson Parish Assessor’s office. All land and residential improvements are assessed at 10% of fair market value and other property at 15% of fair market value. Taxes are billed and collected by the Jefferson Parish Sheriff’s Office which receives a certain fee for its services. The taxes remitted by the Jefferson Parish Sheriff’s Office to the District are net of the fees and pension fund contribution.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

6. Pledged Revenues

The District has pledged a portion of the future property tax revenues to pay debt service (principal and interest) on the Series 2018 tax bonds issued in 2018. The bond proceeds have and will be used for the purpose of acquiring, constructing, improving, operating, and/or maintaining the recreational and other facilities of the District. The bonds are payable solely from the property tax revenues until paid in full in 2033. The annual property tax revenues of approximately \$911,000 are projected to produce approximately 136% of the debt service requirements over the life of the bonds. For the year ended December 31, 2020, net property tax revenues were \$963,718 and debt service on the outstanding bonds was \$673,100. For the year ended December 31, 2019, net property tax revenues were \$879,629 and debt service on the outstanding bonds was \$695,617.

7. Management Agreement

On July 31, 2018, the District entered a Golf Course Facility Management Agreement with Touchstone Golf, LLC (Touchstone) to provide “professional manager and personnel for the complete operation of the golf course facility, including, but not limited to, administration of all receipts and disbursements, operation and maintenance of the golf course, clubhouse, related facilities and golf course equipment, marketing, sales and membership development, and human resources administration.”

The initial term of the agreement was August 1, 2018 through July 31, 2019. The agreement, which expires on July 31, 2021, was extended for two additional one-year terms in accordance with the agreement. The Base Management Fee is \$7,000 per month. An Incentive Management Fee is due, if Touchstone meets financial metrics in the agreement. For the years ended December 31, 2020 and 2019, included in general and administrative expense is \$84,000 and \$84,000 for this agreement.

8. Land Covenants

The immovable property purchased by the District was subject to restrictive covenants, effective on May 12, 1989 for 30 years, requiring the property to be used to operate a private country club and a 27-hole golf course in a manner equal to or exceeding the current and future generally accepted standards for similar clubs and courses in Southern Louisiana. These covenants expired in May 2019.

In November of 2004, Jefferson Parish Ordinance No. 22329 authorized the subdivision of Parcel C into Lots C-1 and C-2, subject to cross-parking agreements, and restricted the use on Parcel C-1 to, “country club, golf course, or community center.” The parking area on Lot C-1 is subject to a servitude for the benefit of the abutting parcels and a pedestrian passageway, access, ingress and egress from Parcel C-1 to abutting parcels.

The District adopted covenants, effective July 16, 2020 for 25 years, restricting the use of Parcel C-1 and Lot 1, Square 16 to “Country Club, community center and accessory uses as defined in the Jefferson Parish Code of Ordinances.” The current covenants restrict the District’s other property to the following uses, “a golf course, parks, playgrounds, recreational uses, conservation areas, green spaces, and accessory uses as defined in the Jefferson Parish Code of Ordinances.” The covenants automatically renew upon the expiration of the initial term for additional 10-year periods unless revoked or amended by approval of two-thirds of the District’s Board of Commissioners and at least 25% of the owners of the residential lots within the District.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

9. Deficit Net Position

At December 31, 2020, the District reports a net position deficit of \$617,280. The District expects 2021 operating revenues and property tax revenues to fund the deficit balance in net position.

10. Commitments

During the year ended December 31, 2020, the District entered into a contract for the renovation to the Clubhouse. The contract includes two Phases. At December 31, 2020, the remaining balance on Phase 1 is \$259,215 and the balance on Phase 2, scheduled to start in 2021, is \$794,900.

11. Outbreak of COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world. The District was advised by the management company to close the clubhouse and golf course and suspend special events at the start of the pandemic. The District felt it was imperative to keep the clubhouse open and the staff in place. Following CDC guidelines, the District was able to safely remain open, provide food and beverage on a limited modified take out basis, and experienced an increased level of golf play for the remainder of 2020.

12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 21, 2021, and determined that other than the matters related to the continuing impact of the outbreak of COVID-19, there were no events that require additional disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2020

Agency Head Name: Edward Woolman, Board Chairman

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred compensation	-
Benefits - Long term disability	-
Benefits - Life Insurance	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other	-
	<u>\$ -</u>

There were no payments to the agency head during the year ended December 31, 2020.

See accompanying independent auditors' report.

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

The Board of Commissioners
Stonebridge Neighborhood Improvement and Beautification District
Gretna, 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 business-type activities of the Stonebridge Neighborhood Improvement and Beautification 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, and have issued our report thereon dated May 21, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. 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 entity'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. 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 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 are 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.

Postlethwaite & Netterville

Metairie, Louisiana
May 21, 2021