

**TIMBERLANE NEIGHBORHOOD BEAUTIFICATION
AND IMPROVEMENT DISTRICT
FINANCIAL REPORT
YEAR ENDED MARCH 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Commissioners
Timberlane Neighborhood Improvement and Beautification District**

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Timberlane Neighborhood Improvement and Beautification District (the District) as of and for the year ended March 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.

Auditor's 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 in *Government Auditing Standards*, issued by 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 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 opinions.

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities Timberlane Neighborhood Improvement and Beautification District as of March 31, 2020, and the respective changes in financial position and cash flows thereof 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, on pages 4 - 8 and 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 Timberlane Neighborhood Improvement and Beautification District's basic financial statements. The *Schedule of Genral and Adminstrative Expenses and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The *Schedule of General and Administrative Expenses and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* are 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, *Schedule of General and Administrative Expenses and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* 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 December 31, 2020, on our consideration of the Timberlane Neighborhood Improvement and Beautification 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 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 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 Timberlane Neighborhood Improvement and Beautification District's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
December 31, 2020

MANAGEMENT'S DISUSSION AND ANALYSIS

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2020**

INTRODUCTION

This section of the Timberlane Neighborhood Improvement and Beautification District (the District) financial report presents a discussion and analysis of the District's financial performance during the fiscal year that ended March 31, 2020 and should be used in conjunction with the District's financial statements which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

The District's financial information is presented as an enterprise fund, which is used to account for operations that are operated in a manner similar to a private business.

The District's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position reports the District's net position. Net Position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

FINANCIAL HIGHLIGHTS

The District was created in December 2018 by an ordinance of the Jefferson Parish Council.

In May 2019, parcel owners' within the District approved an annual special assessment not to exceed \$1,950 per parcel on property located within District for a term of 10 years. Annually, the Commissioners of the District vote to set the special assessment rate for the upcoming year. The parcel assessment is expected to generate approximately \$1,015,000 of parcel assessment revenue on an annual basis

In December 2019, the District completed the purchase of the golf course and recreational amenities of the Timberlane Country Club.

The operations of the golf course and facility rental reflected in these financial statements represent three months activity. The fiscal year reported in these financial statements are for the period April 1, 2019 through March 31, 2020.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2020**

FINANCIAL HIGHLIGHTS (Continued)

The District's net position represents 33% of its total assets. With total assets approximating \$2.4 million, the District had an increase in net position of \$795 thousand for the year ended March 31, 2020, as this was the first year of operations for the District.

The District's total assets increased by \$2,438 thousand primarily due to the acquisition of the golf course and the first year of operations.

The District's total liabilities increased by \$1.6 million primarily due to the assumption of debt when acquiring the golf course.

During the year ended March 31, 2020, the District entered into a management agreement with a third party for management of the clubhouse and golf related activities of the District which is effective beginning April 1, 2020.

FINANCIAL ANALYSIS OF THE DISTRICT

Net Position

The District's total net position at March 31, 2020, increased by \$795K to \$795K (See Table 1). No prior year data comparative data exists, as the year ended March 31, 2020 is the District's first year of operations.

Table 1
Timberlane Neighborhood Improvement and Beautification District
Condensed Statement of Net Position
As of March 31, 2020

	2020
Assets	
Total current assets	\$ 871,713
Capital assets, net	1,566,445
Total assets	2,438,158
 Liabilities	
Current liabilities	173,247
Long term liabilities	1,469,737
Total liabilities	1,642,984
 Net Position	
Invested in capital assets, net of debt	48,851
Unrestricted	746,323
Total net position	\$ 795,174

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Revenues, Expenses, and Changes in Net Position

As seen in Table 2, operating revenues were \$84 thousand. There is no comparative data to a prior year as this is the first year of operations for the District. In 2019, the District acquired the land, land improvements, and buildings known as the Timberlane Country Club, Inc. which include the golf course facility clubhouse, fixtures, furnishings and equipment. The increase in operating activity during the year ended March 31, 2020 is due to the acquisition. The operations only reflect three months of golf and recreational activities. The increase in non-operating activity primarily relates to the initial year of the parcel assessment revenue for the year ended March 31, 2020.

Table 2
Timberlane Neighborhood Improvement and Beautification District
Condensed Statement of Revenues, Expenses, and Changes in Net Position
As of March 31, 2020

	2020
Operating revenues	\$ 84,163
Operating expenses	291,017
Operating income (loss)	(206,854)
 Non operating revenues and expenses	 1,002,028
Change in net position	795,174
Net position, beginning of the year	-
Net position, end of the year	\$ 795,174

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2020**

FINANCIAL ANALYSIS OF THE DISTRICT (Continued)

Cash Flows

The District's condensed cash flow activity can be seen in Table 3 below.

Table 3
Timberlane Neighborhood Improvement and Beautification District
Condensed Statement of Cash Flows
As of March 31, 2020

	2020
Cash flows from operating activities	\$ (128,311)
Cash flows from non-capital financing activities	973,061
Cash flows from capital and related financing activities	(75,833)
Cash flows provided by investing activities	2,628
Net increase in cash and cash equivalents	771,545
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 771,545

Non Cash Transactions

Initial purchase of capital assets and inventory through assumption of debt an \$ 1,577,000

CAPITAL ASSETS

At March 31, 2020, the District had \$1,566,445 invested in net capital assets including buildings and equipment as shown below.

	March 31, 2019	Additions	Disposals	March 31, 2020
Capital assets, not depreciated				
Land	\$ -	\$ 1,341,894	\$ -	\$ 1,341,894
Total capital assets, not depreciated	-	1,341,894	-	1,341,894
Capital assets, being depreciated				
Buildings	-	211,400	-	211,400
Equipment and fixtures	-	16,500	-	16,500
Less accumulated depreciation	-	(3,349)	-	(3,349)
Total capital assets, being depreciated	-	224,551	-	224,551
Capital assets, net	\$ -	\$ 1,566,445	\$ -	\$ 1,566,445

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended March 31, 2020**

DEBT ADMINISTRATION

The District had outstanding long term debt of \$1,517,594 at March 31, 2020. The debt was assumed as a part of the initial purchase of the golf course and club house.

Additional information on the District's long-term debt can be found in Note 9 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2020 year end was a partial year of operations for the District.

The 2021 year end will be the first full fiscal year of operations since the District acquired the property of the Timberlane Country Club, Inc.

Effective April 1, 2020, the District executed a management agreement with CGPM Managers, LLC for the golf operations of the District.

CONTACTING THE DISTRICT'S FINANCIAL MANGEMENT

This financial report is designed to provide interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Board Chairperson at P. O. Box 1788. Gretna, Louisiana 70054.

FINANCIAL STATEMENTS

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
STATEMENT OF NET POSITION
MARCH 31, 2020**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 771,545
Property tax receivable	42,766
Accounts receivable	8,308
Inventory	33,500
Prepaid expenses	<u>15,594</u>

TOTAL CURRENT ASSETS 871,713

NONCURRENT ASSETS

Capital assets, net	<u>1,566,445</u>
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TOTAL NONCURRENT ASSETS 1,566,445

TOTAL ASSETS 2,438,158

LIABILITIES

CURRENT LIABILITIES

Accounts payable	17,093
Accrued expenses	54,916
Current portion of long-term debt	47,857
Other current liabilities	<u>53,381</u>

TOTAL CURRENT LIABILITIES 173,247

LONG-TERM LIABILITIES

Long-term debt	<u>1,469,737</u>
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TOTAL LONG-TERM LIABILITIES 1,469,737

TOTAL LIABILITIES 1,642,984

NET POSITION

Invested in capital assets, net of related debt	48,851
Unrestricted	<u>746,323</u>

TOTAL NET POSITION \$ 795,174

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

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2020**

OPERATING REVENUES

Cart fees	\$ 34,758
Driving range fees	4,104
Green fees	18,463
Membership dues	21,215
Merchandise sales	5,270
Other revenues	<u>353</u>

TOTAL OPERATING REVENUES 84,163

OPERATING EXPENSES

Merchandise expense	4,629
Cart expense	23,114
Driving range expense	704
Golf course maintenance	79,496
Golf course management	115,107
Golf shop	3,617
Depreciation	3,349
General and administrative expenses	<u>61,001</u>

TOTAL OPERATING EXPENSES 291,017

OPERATING LOSS (206,854)

NONOPERATING REVENUES (EXPENSES)

Interest income	2,628
Donations	10,819
Tax revenue	1,015,950
Tax collection fees	(10,942)
Interest expense	<u>(16,427)</u>

TOTAL NONOPERATING REVENUES 1,002,028

CHANGE IN NET POSITION 795,174

NET POSITION, BEGINNING OF YEAR	-
NET POSITION, END OF YEAR	<u><u>\$ 795,174</u></u>

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

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and members	\$ 75,855
Cash payments to suppliers for operating expenses	(204,166)
Net cash used in operating activities	<u>(128,311)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property tax receipts	973,184
Property tax collection fees	(10,942)
Donation receipts	10,819
Net cash provided from non-capital financing activities	<u>973,061</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(16,427)
Payments on debt	(19,399)
Payments on capital leases	(40,007)
Net cash used in capital and related financing activities	<u>(75,833)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Interest income received	2,628
Net cash provided by investing activities	<u>2,628</u>
Net increase in cash and cash equivalents	<u><u>\$ 771,545</u></u>
CASH AND CASH EQUIVALENTS, beginning	-
CASH AND CASH EQUIVALENTS, ending	<u><u>\$ 771,545</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Loss	\$ (206,854)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	3,349
(Increase) Decrease in Assets:	
Trade receivables	(8,308)
Inventory	(33,500)
Prepaid expenses	(15,594)
Increase (Decrease) in Liabilities:	
Accounts payable and accrued expenses	132,596
Net cash flows provided by operating activities	<u><u>\$ (128,311)</u></u>
NONCASH TRANSACTIONS	
Initial purchase of capital assets and inventory through assumption of debt and capital leases	\$ 1,577,000

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

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 1. Organization and Summary of Significant Accounting Policies

Authorizing Legislation

The Timberlane Neighborhood Improvement and Beautification District (the District) was created by Jefferson Parish Ordinance No. 25121, on December 5, 2018, 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.

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 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 has the authority to acquire property located within the boundaries of the District; however, the District is not authorized to acquire property by expropriation.

Reporting Entity

The Governmental Accounting Standards Board issued GASB Statement No. 61, The Financial Reporting Entity: Omnibus an amendment of GASB Statement No. 14 and No. 34, which established criteria for determining the reporting entity and component units that should be included within the reporting entity and other reporting relationships. The basic criteria for including a potential component unit within the reporting is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

- Appointing a voting majority of an organization's governing body, and the ability of the primary government to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.
- Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- Organization for which the reporting entity financial statements would be misleading if the data of the organization is not included because of the nature or significance of the relationship.

Based upon the previous criteria, the District has determined it has no component units and the financial statements only include the funds of the District, the reporting entity

The District is governed by a Board of Commissioners consisting of 5 members, four of whom are elected by parcel owners of the District. Each parcel owner gets one vote. The fifth member is the President of the Timberlane Homeowner's Association.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020**

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The proprietary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The District has no government or fiduciary funds.

The District's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body had decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance.

The District classifies net position in two components – restricted and unrestricted. Restricted net position consists of constraints placed on net position use through external constraints (bond covenants), laws, regulations, or contractual obligations. Unrestricted net position does not meet the definition of restricted.

Estimates

The District has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the Statement of Net Position in conformity with accounting principles generally accepted in the United States of America. Actual amounts could be different from the estimates.

Cash Equivalents

Cash equivalents consist of all money market accounts invested in federated government obligations with a maturity of three months or less at date of purchase.

Receivables

All receivables are reported net of estimated uncollectible amounts.

Parcel Assessment Revenue and Receivables

Parcel assessments are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Parcel assessment revenue receivables presented in the financial statements represents the estimated parcel assessments collectable assessed in the current fiscal year.

Investment Securities

Investments are reported at fair value. Fair value is based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities.

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Inventories

Inventories, which consist primarily of items sold in the golf pro shop and horticultural supplies for the upkeep of the golf course and surrounding green space, are valued at the lower of cost or market on a first-in, first-out method.

Capital Assets

Capital assets purchased or acquired are reported at cost. Contributed assets are reported at fair market value at date received. Additions, improvements, and other capital outlays that are \$2,500 or more that extended the useful life of an asset for more than one year are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets, other than land and construction in progress, is provided on the straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Years Depreciated</u>	<u>Capitalization Threshold</u>
Land	N/A	\$1
Machinery and Equipment	5 - 15	2,500
Land Improvements	20 - 30	25,000
Buildings	25 - 40	50,000
Building Improvements	7 - 30	50,000
Infrastructure	20 - 50	250,000

Compensated Absences

The District has no employees therefore does not record a liability for compensated absences.

Assets Whose Use Is Restricted

Assets whose use is limited or restricted consists of cash. These assets are amounts that can only be spent for specific purposes because of internally imposed or externally imposed conditions by grantors or creditors.

Operating Revenues and Expenses

The District's Statement of Revenues, Expenses and Change in Net Position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with golf operations, merchandise sales, and facility rental, – the District's principal activity. Non-exchange revenues represent special assessments and donations received. Operating expenses are all expenses incurred to provide services, other than financing costs.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020**

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Donations

The District may receive donations from individuals and private organizations. Donation revenue (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Donations may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. These separate financial statement elements represent an acquisition of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time.

Net Position

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, net position is classified into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted - This component of net position consists of assets that have constraints that are externally 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.
- Unrestricted - All other net position is reported in this category.

When the District has both restricted and unrestricted resources available for a particular use, it is the District's policy to use restricted resources before unrestricted resources.

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 2. Cash and Cash Equivalents and Investment Securities.

Components of Cash

The following are the components of the District's cash and cash equivalents by program at March 31, 2020. These deposits are stated at cost, which approximates market.

Cash on Hand	\$	2,508
Demand Deposits		<u>769,037</u>
Total Cash & Cash Equivalents	\$	<u><u>771,545</u></u>

Custodial Credit Risk

Under state law, the deposits held at a fiscal agent bank (or the resulting bank balances) must be secured by federal deposit insurance or the pledged securities owned by the fiscal agent bank. State law R.S. 39:1225 provides that the amount of security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits, which is organized under the laws of the United States.

At March 31, 2020, the District had \$830,681 in deposits (collected bank balances) in two financial institutions. These deposits are secured from risk by \$250,000 of federal deposit insurance and through the Promontory Insured Cash sweep service. At March 31, 2020, \$464 of the District's deposits with the financial institutions were under insured.

Cash equivalents consist of the funds in Promontory Insured Cash Sweep accounts. Insured Cash Sweep (ICS) is a trusted, tested service utilized by financial institutions across the United States. Financial institutions that use ICS benefit from the Promontory Network advantage and the confidence of knowing that ICS is endorsed by the American Bankers Association and enjoys strategic marketing alliances with key trade associations across the United States. When a customer submits funds to a Promontory Network member (Gulf Coast Bank and Trust) for placements through ICS, that institution places the funds into deposit accounts at FDIC-insured banks that are also members of the ICS Network. This occurs in increments below the standard FDIC insurance maximum (\$250,000) so that both principal and interest are eligible for FDIC insurance. By working directly with just one institution (Gulf Coast Bank and Trust), the District is able to receive FDIC coverage from many financial institutions while only working with a single bank (Gulf Coast Bank and Trust). At March 30, 2020, the Districts' cash equivalent bank balances held in Promontory Insured Cash Sweep accounts were \$480,438.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020**

Note 3. Parcel Assessment Receivable and Revenue

Parcel assessments are reported as revenues in the period for which they are levied.

The District levies an annual parcel assessment on all parcels within the District as of November 15 of each year. Current parcel assessments are received beginning in December of each year and become delinquent after January 31 of the following year. Parcel assessments are billed and collected by the Jefferson Parish Sheriff's Office which retains a fee for its services.

In 2019, the parcel owners of the District voted and approved a special assessment not to exceed \$1,950 per parcel for a term of 10 years (2019-2028) for use in the improvement, beautification and overall betterment of the District. Annually, the Commissioners vote to set the special assessment rate for the upcoming year.

The District did not calculate an allowance of uncollectible parcel assessment revenues of the current year assessment as it believes all parcel assessments are collectible.

Note 4. Accounts Receivable

Concentration of Credit Risk

The District grants credit to its members, most of who are residents of the District. Member's are only allowed to charge with a valid credit card on file which is charged monthly.

Economic Dependency

The District is located in Gretna, Louisiana and relies primarily on parcel assessments.

Note 5. Inventory

Inventory at March 31, 2020 consists of golf pro shop supplies and horticultural supplies like fertilizer and fungicide.

Note 6. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 7. Capital Assets

Capital assets and depreciation activities for the year ended March 31, 2020 are as follows:

	<u>March 31, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>March 31, 2020</u>
Capital assets, not depreciated				
Land	\$ -	\$ 1,341,894	\$ -	\$ 1,341,894
Total capital assets, not depreciated	<u>-</u>	<u>1,341,894</u>	<u>-</u>	<u>1,341,894</u>
Capital assets, being depreciated				
Buildings	-	211,400	-	211,400
Equipment and fixtures	-	16,500	-	16,500
Less accumulated depreciation	-	(3,349)	-	(3,349)
Total capital assets, being depreciated	<u>-</u>	<u>224,551</u>	<u>-</u>	<u>224,551</u>
Capital assets, net	<u>\$ -</u>	<u>\$ 1,566,445</u>	<u>\$ -</u>	<u>\$ 1,566,445</u>

During the year ended March 31, 2020, the District recorded depreciation expense in the amount of \$3,349.

The capital assets and inventory were purchased from the Timberlane Country Club, Inc. in December 2019 for the value of the assumed debt of \$1,577,000.

Note 8. Accounts Payable, Accrued Expenses, Current Liabilities

Certain payments to vendors that relate to year end March 31, 2020 activity have been accrued. These payments will be made following the year end.

Schedule of Other Current Liabilities

These amounts were paid in the subsequent fiscal year.

Due to Café Hope	\$ 9,374
Due to Timberlane Country Club	4,487
Note Payable WEF*	313
Note Payable PNC Irrigation*	38,320
Note Payable Wells Fargo*	937
Other	(50)
Total	<u>\$ 53,381</u>

* Debt assumed per purchase agreement of Timberlane Country Club Inc.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020**

Note 9. Long Term Debt

Long-term obligations consist of the following notes payable at March 31, 2020:

	<u>Monthly Payments</u>	<u>Interest Rate</u>	<u>Principal Balance at 3/31/2020</u>	<u>Remaining Number of Payments</u>
Gulf Coast Bank*	\$ 384	7.75%	\$ 8,445	24
Small Business Administration Loan 1*	\$ 3,773	4%	\$ 511,065	206
Small Business Administration Loan 2*	\$ 3,550	3%	\$ 698,084	284
Hollis and Sharon Eddins (Mortgage Holder)* ^	\$ 1,750	7%	\$ 300,000	22
Total			<u>\$ 1,517,594</u>	

* Debt assumed per purchase agreement of the real property of the Timberlane Country Club

^ Mortgage terms are interest only monthly payments until the balloon payment is Due December 2021.

The future obligations payments for the next five years and thereafter as of March 31, 2020 are below:

<u>Year Ended March 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 47,857	\$ 65,628	\$ 113,485
2022	349,713	58,567	408,280
2023	47,032	40,844	87,876
2024	48,762	39,114	87,876
2025	50,556	37,320	87,876
2026-2030	282,150	157,230	439,380
2031-2035	338,315	101,065	439,380
2036-2040	224,735	40,978	265,713
2041-2045	128,474	8,605	137,079
Total	<u>\$ 1,517,594</u>	<u>\$ 549,351</u>	<u>\$ 2,066,945</u>

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 9. Long Term Debt (Continued)

Debt obligation balances and current year activity for the year ended March 31, 2020 is as follows:

	March 31, 2019	Additions	Reductions	March 31, 2020	Due within one year
Gulf Coast Bank	\$ -	\$ 9,614	\$ (1,169)	\$ 8,445	\$ 4,098
Small Business Administration Loan 1	-	520,599	(9,534)	511,065	22,769
Small Business Administration Loan 2	-	706,780	(8,696)	698,084	20,990
Hollis and Sharon Eddins (Mortgage Holder)	-	300,000	-	300,000	-
Total	\$ -	\$ 1,536,993	\$ (19,399)	\$ 1,517,594	\$ 47,857

Note 10. Lease Agreements

Café Hope

Prior to the District obtaining the real property of the Timberlane Country Club, Inc (the Seller), the Seller executed a lease with Café Hope Inc. (the Tenant) as the tenant of the main club house building, swimming pool, and other recreational properties except for the golf course. The lease is for a term of 99 years.

The District assumed this lease in the purchase of the real property of the Seller.

The rent for this lease is the performances of the respective obligations and covenants of the Tenant and Landlord to each other whereby each of the parties obtains an advantage in exchange for his obligation, the parties obligate themselves reciprocally, so that the obligation of each party is correlative to the obligation of the other, the rights granted to Tenant by Landlord and the rights retained by Landlord, for the use and enjoyment of the Demised Premises. Rent includes the payment by Tenant of the cost of all repairs, maintenance, renovations, and improvements to the premises and the other obligations of Tenant set forth.

Yamaha Motor Finance Corporation

The Seller had a lease with Yamaha for golf carts. The District assumed the lease of the golf carts, which was near the end of its term. The District paid the balance due on the golf cart lease which ended July 2020. The District renegotiated a new golf cart lease with Yamaha in the subsequent year.

PNC Equipment Finance

The Seller had a lease with PNC Equipment Finance for sprinkler equipment entered into in September 2018. The lease was for a term of 41 months at \$847 per month. The District assumed the lease. The District's future minimum lease payments for the next two years are:

2021	\$10,164
2022	\$9,317

TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2020

Note 10. Lease Agreements (Continued)

PNC Equipment Finance

The Seller had a lease with PNC Equipment Finance for course maintenance equipment. The District assumed the lease with 5 months remaining at cost of \$7,314.88 per month. The lease was paid and the equipment was returned.

Property taxes on leased equipment

As a condition of the assumption of the leases, the District paid the property taxes due.

Note 11. Land Covenants

The Timberlane Country Club, Inc. (the Seller) purchased the property in August 1961, with a covenant the property be used only for a golf and country club, for a period of 30 years. The covenant renews automatically renews every 10 years unless 80% of the residents vote to amend the restriction.

Note 12. Amounts Paid to Governing Board Members

Board positions are voluntary and are not compensated for their service to the District.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2020, and determined the following item should be disclosed.

On April 1, 2020, the District entered into a management agreement with CGPM Managers, LLC for the management of the operation golf course and pro shop. The agreement authorizes CGPM Managers, LLC to perform operational, managerial, administrative, supervisory, accounting, and other services related to the management of the golf course facility, golf pro shop, and membership services, under the supervision of the Board of Commissioners of the District. The agreement is for an initial period of three years with an automatic extension of two years, if certain metrics are met. The base management fee is \$7,000 per month for the first year and the \$8,000 for years two and three. The agreement also entitles CGPM Managers, LLC for an incentive payment based upon metrics in the agreement.

On April 1, 2020, the District entered into a lease with DeLage/Landon Public Finances for the golf course maintenance equipment. Monthly payments are \$8,896.78 monthly for a term of 60 months.

OTHER SUPPLEMENTAL INFORMATION

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020**

GENERAL AND ADMINISTATIVE EXPENSES

Bank fees	\$ 2,797
Café Hope facility use fee	43,764
Dues and subscriptions	331
Insurance	6,268
Licenses and permits	675
Postage	887
Printing	681
Supplies	671
Website management	1,046
Other general administrative expenses	<u>3,881</u>
TOTAL GENERAL AND ADMINISTATIVE EXPENSES	<u><u>\$ 61,001</u></u>

See accompanying independent auditors' report.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
 SCHEDULE OF COMPENSATION, BENEFITS, AND
 OTHER PAYMENTS TO AGENCY HEAD
 FOR THE YEAR ENDED MARCH 31, 2020**

Agency Head Name: Jon McGill, Chairperson

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - insurance	-
Benefits - retirement	-
Car allowance	-
Cell phone	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Special meals	-
Other	-
	<u>\$ -</u>

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

See accompanying independent auditors' report.

COMPLIANCE AND INTERNAL CONTROL SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners

Timberlane Neighborhood Improvement and Beautification District

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Timberlane Neighborhood Improvement and Beautification District (the District) as of and for the year ended March 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 December 31, 2020

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 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, and contracts, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-1

In addition, we noted certain matters that we reported to the management of the District on a separate letter dated December 31, 2020.

The District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
December 31, 2020

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended March 31, 2020**

We have audited the financial statements of the Timberlane Neighborhood Improvement and Beautification District as of and for the year ended March 31, 2020 and have issued our report thereon dated December 31, 2020. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of March 31, 2020, resulted in an unmodified opinion.

Section I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements.

Internal Control
Material Weaknesses Yes No
Significant Deficiencies Yes No

Compliance
Compliance Material to Financial Statements Yes No

Was a management letter issued? Yes No

b. Federal Awards

Timberlane Neighborhood Improvement and Beautification District did not expend federal awards exceeding \$750,000 during the year ended March 31, 2020, and therefore is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

A – Issues of Noncompliance

2020-1 Acquisition of property without appraisal

Criteria: Louisiana Revised Statue 33:4712.10 states no political subdivision shall purchase immovable property with a value greater than three thousand dollars unless prior to such purchase the property has been appraised by a qualified appraiser.

Condition: The District purchased real property of the Timberlane Country Club, Inc. for \$1,577,000 without a qualified appraisal.

Cause: The District relied on the Jefferson Parish Assessor's fair market value assessment of \$5,316,533 and did not obtain a qualified appraisal.

Effect: The District purchased immovable property without an appraisal.

Recommendation: Qualified appraisals of immovable property should be obtained prior to purchase of such property.

Management's Response: can be found on page 29.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
For The Year Ended March 31, 2020**

Section II Financial Statement Findings (Continued)

B – Significant Deficiencies

None

C – Material Weaknesses

None

Section III – Management Letter

2020-2 Security for deposits

Criteria: Louisiana Revised Statute 39:1225 states the amount of security shall at all times be equal to 100% of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States.

Condition: The District had deposits at one local financial institution exceeded the FDIC insurance by \$464 at March 31, 2020.

Cause & Effect: The District had uninsured cash of \$464 at March 31, 2020.

Recommendation: The District obtain security of deposits via pledged securities or transfer to a second bank for FDIC Insurance

Management's Response: can be found on page 29.

2020-3 Written policies and procedures

Criteria: Written policies and procedures are a best practice.

Condition: The District lacks board approved written policies and procedures.

Cause & Effect: The District has developed a draft version of various policies and procedures, however, the policies have not been finalized and approved by the Board.

Recommendation: The District should finalize and seek board approval for written policies and procedures.

Management's Response: can be found on page 29.

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
For The Year Ended March 31, 2020**

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II - Financial Statement Findings

A – Issues of Noncompliance

None

B – Significant Deficiencies

None

C – Material Weaknesses

None

Section III – Management Letter

None

**TIMBERLANE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
For The Year Ended March 31, 2020**

2020-1 Acquisition of property without appraisal

Management agrees with the finding and will obtain a qualified appraisal in the future prior to purchasing any immovable property.

2020-2 Security for deposits

The District will seek security protection for all deposits held at financial institutions.

2020-3 Written policies and procedures

The District will finalize and seek board adoption of its written policies and procedures.