
**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

GRETN, LOUISIANA

FINANCIAL STATEMENTS

DECEMBER 31, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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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, 2018 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material 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, 2018, 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 through 9 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 financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 24 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 June 27, 2019, 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
June 27, 2019

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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, 2018. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- During the year ended December 31, 2017, the voters approved a property tax millage of 45 mills on all property subject to taxation within the District for a period of 20 years (2018 – 2037). The millage is expected to generate approximately \$900,000 of property tax revenue on an annual basis.
- The assets and deferred outflows of the District were less than the liabilities and deferred inflows at December 31, 2018 by \$55,145 (net position/deficit). Of this amount, (unrestricted net position / deficit) may be used to meet the District's ongoing obligations to members and creditors.
- The District's total net position decreased by \$62,853 during the year ended December 31, 2018.
- During the year ended December 31, 2018, the District's total outstanding debt increased by \$6.7 million primarily related to the bond issuance for purchase of the Stonebridge property, related improvements, furnishings and equipment and to fund renovations and operating capital to keep the golf club operational.
- During the year ended December 31, 2018, the District entered into a capital lease for the purchase of a fleet of 77 golf carts at a cost of \$363,363.
- Effective August 1, 2018, the District entered into a management agreement with a third party for management of the clubhouse and golf related activities of the District.

Overview of the Financial Statements

The District's financial information is presented as an enterprise fund, which are 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.

Financial Analysis

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. 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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

CONDENSED STATEMENTS OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Current assets			
Cash and cash equivalents	\$ 1,228,965	\$ 2,842	\$ 1,226,123
Property tax receivable	890,778	-	890,778
Investments	2,000,000	-	2,000,000
Other current assets	71,784	4,866	66,918
Total current assets	<u>4,191,527</u>	<u>7,708</u>	<u>4,183,819</u>
Noncurrent assets			
Capital assets, net	2,193,648	-	2,193,648
Investments	1,000,000	-	1,000,000
Total noncurrent assets	<u>3,193,648</u>	<u>-</u>	<u>3,193,648</u>
Total assets	<u>\$ 7,385,175</u>	<u>\$ 7,708</u>	<u>\$ 7,377,467</u>
Current liabilities			
Accounts payable and accrued expenses	\$ 399,088	\$ -	\$ 399,088
Current portion of non current liabilities	126,435	-	126,435
Total current liabilities	<u>525,523</u>	<u>-</u>	<u>525,523</u>
Noncurrent liabilities			
Bonds payable	6,630,000	-	6,630,000
Capital lease	284,797	-	284,797
Total noncurrent liabilities	<u>6,914,797</u>	<u>-</u>	<u>6,914,797</u>
Net position			
Unrestricted	(55,145)	7,708	(62,853)
Total net position	<u>\$ (55,145)</u>	<u>\$ 7,708</u>	<u>\$ (62,853)</u>

In 2018, net position decreased by \$62,853 to a deficit of \$55,145. An increase in current assets of \$4,183,819 primarily consists of cash of \$1,226,123, property tax receivable of \$890,778, and investments of \$2,000,000. Capital assets, net of \$2,193,648 represents the initial purchase of the golf property and related assets and additional equipment purchased subsequent to the acquisition. The non-current investments of \$1,000,000 are certificates of deposit at December 31, 2018. The current liabilities of \$525,523 include accounts payable of \$106,680, accrued interest of \$257,769, and other current liabilities of \$161,074. Non-current liabilities of \$6,914,797 includes bonds payable of \$6,630,000 and capital lease of \$284,797.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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

**CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION**

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 646,862	\$ -	\$ 646,862
Operating expenses	(1,164,092)	-	(1,164,092)
Depreciation expense	(158,883)	-	(158,883)
Operating income (loss)	<u>(676,113)</u>	<u>-</u>	<u>(676,113)</u>
Nonoperating income (loss)			
Property tax revenue	890,778	-	890,778
Interest expense	(260,673)	-	(260,673)
Other income (expense)	(16,845)	7,708	(24,553)
Nonoperating income (loss)	<u>613,260</u>	<u>7,708</u>	<u>605,552</u>
Change in net position	(62,853)	7,708	(70,561)
Net position, beginning of year	7,708	-	7,708
Net position, end of year	<u>\$ (55,145)</u>	<u>\$ 7,708</u>	<u>\$ (62,853)</u>

In April 2018, the District acquired the land, land improvement, and buildings known as the Stonebridge Golf Club of New Orleans including the 27- hole golf course facility and other amenities including clubhouse, fixtures, furnishings and equipment. The increase in operating activity during the year ended December 31, 2018 is due to the acquisition in April 2018. The increase in non-operating activity primarily relates to the initial year of the property tax revenue during 2018 and the interest expense on the outstanding bonds issued during 2018.

During the year ended December 31, 2017, the District had limited activity as the District began activities in 2018.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

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.

CONDENSED STATEMENTS OF CASH FLOWS

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
Cash flows from:			
Operating activities	\$ (442,829)	\$ -	\$ (442,829)
Noncapital financing activities	-	7,708	(7,708)
Capital and related financing activities	4,637,462	(4,866)	4,642,328
Investing activities	(2,968,510)	-	(2,968,510)
	-	-	-
Net change in cash	1,226,123	2,842	1,223,281
Beginning of year cash	2,842	-	2,842
End of year cash	<u>\$ 1,228,965</u>	<u>\$ 2,842</u>	<u>\$ 1,226,123</u>

Cash and cash equivalents increased by \$1,226,123 during the year ended December 31, 2018. The District recognized the following significant cash transactions during the year ended December 31, 2018:

- Cash used in operations of \$442,829 as the District acquired the golf course property in April 2018 and is working to improve operating efficiencies.
- Cash provided by capital and related financing activities of \$4,637,462 includes the bond proceeds of \$6.7 million primarily offset by the purchase of the property and equipment of \$1,989,168.
- Cash used in investing activities of \$2,968,510 primarily consists of the purchase of certificates of deposit for \$3.0 million.

The District was created in 2017 and the cash flows for the year ended December 31, 2017 related to proceeds from other income and initial expenses relating to the ad valorem tax and related purchase of the property.

Capital Assets

At December 31, 2018, the District had \$2,193,648 invested in a range of capital assets including buildings and equipment as shown below.

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 1,541,806	\$ -
Golf course equipment	513,184	-
Furniture and fixtures	18,208	-
Computer equipment	2,550	-
Construction in progress	117,900	-
Capital assets, net	<u>\$ 2,193,648</u>	<u>\$ -</u>

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018**

During the year ended December 31, 2018, the District upgraded and improved its building, land, and equipment of the District. The 2018 significant capital asset additions included:

- | | |
|---|-------------|
| • Clubhouse facility and land improvements | \$1,666,182 |
| • Golf equipment | \$ 546,730 |
| • Construction in progress – golf cart path | \$ 117,900 |

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

Debt Administration

At December 31, 2018, the District had outstanding bonds of \$6,700,000 and one long term capital lease with an outstanding balance of \$341,232. 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 proceeds from the capital lease were used to purchase new golf carts.

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 2019 Budgets, and Rates

The 2019 year will be the first 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) to improve efficiency in golf operations, including increase of rates to better reflect the improvements made to the golf course and monitoring of expenses. Revenue from golf operations is budgeted at \$1,069,000 for the year ended December 31, 2019. In early 2019, the District purchased kitchen equipment to provide limited food services and increased membership. Additionally, the District extended the hours of operations for the club to increase food and beverage sales.

Capital improvements of \$2,415,000 to restore the facilities kitchen and two multi-purpose rooms which can be rented for weddings, parties and other events is scheduled to be competed in May of 2020. Restoration of these revenue generating areas is expected to significantly increase the District's revenues for facility rentals and food and beverage services in 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
STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS

	2018
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	\$ 1,228,965
Property tax receivable	890,778
Accounts receivable	24,701
Investments	2,000,000
Inventory	25,482
Prepaid expenses and other assets	21,601
Total current assets	4,191,527
 <u>NONCURRENT ASSETS</u>	
Capital assets, net	2,193,648
Investments	1,000,000
Total noncurrent assets	3,193,648
<u>TOTAL ASSETS</u>	\$ 7,385,175

LIABILITIES AND NET POSITION

<u>CURRENT LIABILITIES</u>	
Accounts payable and accrued expenses	\$ 106,680
Accrued interest on bonds payable	257,769
Bonds payable, current portion	70,000
Capital lease, current portion	56,435
Other current liabilities	34,639
Total current liabilities	525,523
 <u>NONCURRENT LIABILITIES</u>	
Bonds payable	6,630,000
Capital lease	284,797
Total noncurrent liabilities	6,914,797
Total liabilities	7,440,320
 <u>NET POSITION</u>	
Unrestricted deficit	(55,145)
Total net deficit	(55,145)
<u>TOTAL LIABILITIES AND NET POSITION</u>	\$ 7,385,175

The accompanying notes are an integral part of this financial statement.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
<u>OPERATING REVENUES</u>	
Golf and related activities	\$ 286,343
Merchandise sales	28,605
Food & beverage sales	224,321
Membership dues	107,593
Total operating revenues	646,862
<u>OPERATING EXPENSES</u>	
Golf and related activities	659,359
Merchandise	20,501
Food & beverage	144,540
General and administrative	339,692
Depreciation and amortization	158,883
Total operating expenses	1,322,975
<u>OPERATING LOSS</u>	(676,113)
<u>NONOPERATING INCOME</u>	
Property tax revenue	890,778
Interest income	31,490
Bond issuance costs	(48,335)
Interest expense	(260,673)
Total nonoperating income	613,260
<u>CHANGE IN NET POSITION</u>	(62,853)
<u>NET POSITION, BEGINNING OF THE YEAR</u>	7,708
<u>NET DEFICIT, END OF THE YEAR</u>	\$ (55,145)

The accompanying notes are an integral part of this financial statement.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Received from customers and members	\$ 622,161
Paid to employees for services	(179,885)
Paid to suppliers for goods and services	(885,105)
Net cash used in operating activities	(442,829)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Purchase of building and equipment	(1,989,168)
Payments of interest	(2,904)
Principal payments on capital lease	(22,131)
Proceeds from issuance of bonds	6,700,000
Proceeds from bond anticipation note	275,000
Payments on bond anticipation note	(275,000)
Payments for bond issuance costs	(48,335)
Net cash provided by capital and related financing activities	4,637,462
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of investments	(3,000,000)
Interest received	31,490
Net cash used in investing activities	(2,968,510)
Net change in cash and cash equivalents	1,226,123
Cash and cash equivalents, beginning of year	2,842
Cash and cash equivalents, end of year	\$ 1,228,965
Reconciliation of net operating loss to net cash used in operating activities areas follows:	
Operating loss	\$ (676,113)
Adjustments to reconcile net operating income to net cash used in operating activities:	
Depreciation and amortization	158,883
Change in operating assets and liabilities	
Increase in accounts receivable	(24,701)
Increase in inventory	(25,482)
Increase in prepaid expenses and other assets	(16,735)
Increase in accounts payable and accrued expenses	106,680
Increase in other current liabilities	34,639
Net cash used in operating activities	\$ (442,829)
Non-cash acquisition of golf equipment through capital lease	\$ 363,363

The accompanying notes are an integral part of this financial statement.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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 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 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) (2) Two members elected from the property owners of the Harvey side of the District (two-year term) (3) Two members elected from the property owners of the Gretna side of the District (two-year term) (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 financial 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, 2018**

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, 2018**

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, 2018 to be fully collectible; therefore, no allowance for doubtful accounts was recorded at December 31, 2018.

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, 2018.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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. Bonds payable are reported net of the applicable bond premiums or discount. 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, 2018.

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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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, 2018.

Unrestricted – This component of net position consists of net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” 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, 2018**

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, and food and beverage operations. 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:

Demand deposits and cash on hand	\$ 197,831
Money market account	531,134
Certificates of deposit - negotiable	3,500,000
Total cash and investments	<u>\$ 4,228,965</u>

Reconciliation to amounts reported on
the Statement of Net Position

Cash and cash equivalents	\$ 1,228,965
Investments, current	2,000,000
Investments, noncurrent	1,000,000
Total cash and investments	<u>\$ 4,228,965</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, \$250,000 for interest-bearing demand deposit accounts (interest bearing and non-interest bearing). At December 31, 2018, the entire bank balance was covered by FDIC or by collateral of \$6,867,426 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, 2018**

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, 2018, 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>
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	15%
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	15%
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	14%
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	28%
Hancock Whitney Bank	Certificate of deposit - nonnegotiable	28%

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

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

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

2. Cash and Cash Equivalents and Investments (continued)

At December 31, 2018, the District's investments were as follows:

Investment type	Amortized Cost	Maturity (In Years)		
		Less than 1 year	1-5 years	> 5 years
Certificates of deposit - nonnegotiable	\$ 3,500,000	\$ 2,500,000	\$ 1,000,000	\$ -

Investments are recorded at amortized cost. There is no material difference from fair value for investments that mature after one year.

3. Capital Assets

The capital assets of the District as of December 31, 2018.

	January 1, 2018	Additions / Reclassifications	Disposals / Reclassifications	December 31, 2018
Buildings and improvements	\$ -	\$ 1,666,182	\$ -	\$ 1,666,182
Golf course equipment	-	546,730	-	546,730
Furniture & fixtures	-	18,635	-	18,635
Computer equipment	-	3,084	-	3,084
Construction in progress	-	133,035	(15,135)	117,900
Total	-	2,367,666	(15,135)	2,352,531
Accumulated depreciation	-	(158,883)	-	(158,883)
Capital assets, net	\$ -	\$ 2,208,783	\$ (15,135)	\$ 2,193,648

At December 31, 2018, the construction in progress of \$117,900 represents repairs to the golf cart path that were completed in 2019.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. Long -Term Obligations

Bonds Payable

Long -term obligations consist of the following bonds payable at December 31:

\$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; secured by ad valorem taxes.	\$ 6,700,000
less current portion	<u>(70,000)</u>
Long-term bonds payable	<u><u>\$ 6,630,000</u></u>

The future minimum payments of the outstanding bonds as of December 31, 2018 are as follows:

Year Ended December 31	Principal	Interest	Total
2019	\$ 70,000	\$ 609,557	\$ 679,557
2020	330,000	343,100	673,100
2021	345,000	327,014	672,014
2022	365,000	309,641	674,641
2023	380,000	291,108	671,108
2024-2028	2,250,000	1,040,104	3,290,104
2029-2033	<u>2,960,000</u>	<u>483,229</u>	<u>3,443,229</u>
Total	<u><u>\$ 6,700,000</u></u>	<u><u>\$ 3,403,753</u></u>	<u><u>\$ 10,103,753</u></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 6 and 7 to the financial statements.

Capital Lease Commitments

The District acquired golf equipment valued at \$363,363 that was financed with a lease purchase agreement. Amortization expense of \$18,168 relating to assets acquired under capital leases is included in depreciation expense for the year ended December 31, 2018.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

4. Long -Term Obligations (continued)

Obligations of the District under the capital lease as of December 31, 2018 is as follows:

Year Ended December 31	Lease Payment Requirements
2019	\$ 80,790
2020	80,790
2021	80,790
2022	80,790
2023	60,592
Total minimum lease payments	383,752
Less: Amount representing interest cost	(42,520)
Present value of minimum lease payments	\$ 341,232

Long-term debt activity

Long term obligations activity for the year ended December 31, 2018 is as follows:

	January 1, 2018	Additions	Retirements	December 31, 2018
Tax bonds, Series 2018	\$ -	\$ 6,700,000	\$ -	\$ 6,700,000
Capital lease obligation	-	363,363	(22,131)	341,232
Total	\$ -	\$ 7,063,363	\$ (22,131)	\$ 7,041,232

5. Bond Anticipation Note

On January 19, 2018, the District entered into a bond anticipation note agreement for a maximum principal amount of \$500,000, interest rate of 3.50%, and a maturity date of January 19, 2019. In January and February 2018, the District advanced a total of \$275,000 on the bond anticipation note. The purpose of the bond anticipation note was primarily to fund the deposit relating to the acquisition of the building and golf course property. The bond anticipation note was paid in full on March 15, 2018 from the proceeds of the Series 2018 bonds.

6. 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.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

6. Ad Valorem Tax (continued)

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.

7. 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. The bonds 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 \$900,000 are projected to produce approximately 133% of the debt service requirements over the life of the bonds. For the year ended December 31, 2018, net property tax revenues were \$890,778 and debt service on the 2018 bonds was \$0.

8. Management Agreement

On July 31, 2018, the District entered into a golf course facility management agreement with TG Recourses, LLC (Touchstone). As part of the agreement, Touchstone provides a 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 under the supervision of the Board of Commissioners of the District. The agreement term is from August 1, 2018 through July 31, 2019, with two automatic one-year extensions, unless terminated according to the cancellation provisions of the agreement. The base management fee is \$7,000 per month and an incentive management fee may be earned based on financial metrics in the agreement. For the year ended December 31, 2018, included in general and administrative expense is \$35,000 for this agreement.

9. Land Covenants

The developer of the Stonebridge neighborhood and related golf property adopted restricted covenants effective May 12, 1989, for a period of 30 years, which require the club property to be used only in the operation of a private country club and a twenty-seven hole golf course in a manner that equals or exceeds the current and future generally accepted standards for similar clubs and courses in Southern Louisiana. The covenants expired in May 2019.

Jefferson Parish Ordinance No. 22329 restricts the use of Parcel C-1 to "country club, golf course or community center" and burdens Parcel C with parking in favor of lots C-1 and C-2. Lot C-2 is burdened with a servitude of access in favor of Lot C-1 and abutting parcels. While the 1989 covenants expired in May 2019, the District as property owner can place similar restricted covenants consistent with Ordinance No. 22329. The District is researching to determine restricted covenants should be placed on the property.

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
AND BEAUTIFICATION DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

10. Deficit Net Position

At December 31, 2018, the District reported a net position deficit of \$55,145. The District expects 2019 operating revenues and property tax revenues to fund the deficit balance in net position.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT AND BEAUTIFICATION DISTRICT
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2018

Agency Head Name: Ancil Taylor, 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, 2018.

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 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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated June 27, 2019.

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, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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
June 27, 2019

**STONEBRIDGE NEIGHBORHOOD IMPROVEMENT
& BEAUTIFICATION DISTRICT**

GRETNA, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT

GRETN, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED DECEMBER 31, 2018



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To Board of Commissioners of the Stonebridge Neighborhood Improvement & Beautification District
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Stonebridge Neighborhood Improvement & Beautification District (the District) and the Louisiana Legislative Auditor (LLA) (specified users) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2018 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
June 27, 2019

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "*no exception noted*". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exceptions noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

c) ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

d) ***Receipts***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exceptions noted.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

No exceptions noted.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions noted.

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Not applicable, the District has an enterprise fund only.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable, the District has an enterprise fund only.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the District's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all bank accounts and obtained the bank reconciliations for the month ending December 31, 2018, resulting in 3 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included one deposit site. No exceptions were noted as a result of performing this procedure.

We performed the procedures below on the one deposit site.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

A listing of collection locations for the deposit site selected in procedure #4 was provided and included one collection location. No exceptions were noted as a result of performing this procedure.

We selected the one collection location for the deposit site. Review of the District's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management stated that all employees who have access to cash are bonded and/or covered under the District's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We selected two deposit dates for each of the 3 bank accounts selected in procedure #3. We obtained supporting documentation for 2 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exceptions noted.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Exception noted. For 1 of the 2 deposits selected for our procedures, the deposit was made within two business days of receipt at the collection location.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

All payments are processed at one location. No exceptions were noted as a result of performing this procedure.

We selected the sole location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the District's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions noted.

STONEBRIDGE NEIGHBORHOOD IMPROVEMENT & BEAUTIFICATION DISTRICT
AGREED UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
DECEMBER 31, 2018

Schedule A

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions noted.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exceptions noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we selected 5 disbursements and performed the procedures below.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

The District used four cards in the fiscal period. We selected one monthly statement for all cards and performed the procedures noted below.

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- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

We selected 10 transactions for each of the cards selected in procedure #12 and performed the specified procedures. No exceptions noted.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions noted.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions noted.

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- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

For 4 of the 5 reimbursements selected for our procedures, in the amounts of \$1,146.40, \$1,680.60, \$1,131.52, and \$87.68, there was no documentation of the business/public purpose. In addition, for 1 of these 4 reimbursements selected for our procedures, in the amount of \$49.68, there was no documentation for mileage required by written policy.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 contracts and performed the procedures below.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Of the 5 contracts selected for our procedures, 3 were subject to Louisiana Public Bid Law. No exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

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Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, for all 5 employees selected for our procedures, there were no personnel files documenting authorized salaries/pay rates for employees.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

Exceptions noted. For the 5 employees selected, there was no documented attendance and leave records for the pay period selected.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Exceptions noted. For the 5 employees selected, there was no documented supervisor approval of the employee's attendance and leave records for the pay period selected.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Exception noted. The District did not maintain cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

Not applicable, no employee/officials received termination payments during the fiscal period.

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19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable due to the District had employees for four months during the fiscal period.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Not applicable due to the District had employees for four months during the fiscal period.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

A listing of bonds/notes issued during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all bonds/notes and performed the specified procedures. No exceptions noted.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 1 bond/note and performed the specified procedures. No exceptions noted.

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Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management stated that there were no misappropriations of public funds or assets.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The notice was not posted on the District's website or premise.

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Management's Response:

7d) Collections: *The District concurs with the result and notes that the deposit was made within two business days of receipt.*

14c) Travel and Travel-Related Expense Reimbursements: *The District concurs with the result and will work to improve documentation of business purposes on travel and related expense reimbursements.*

16, 17a, 17b, 17c) Payroll and Personnel: *For the period from April 11, 2018 through July 31, 2018, the District operated the property and related operations with employees. Effective August 1, 2018, the District hired a management company (Touchstone) and no longer as any employees. The District considers these items resolved at December 31, 2018.*

24) Other: *The District concurs with the result and has posted the notice on the web-site and in multiple locations in the Stonebridge facility.*