

**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
METAIRIE, LOUISIANA**

**FINANCIAL STATEMENTS**

**December 31, 2018**



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**Metairie Business Development District  
Table of Contents  
December 31, 2018**

**REPORT**

Independent Auditors' Report	1
------------------------------	---

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis	4
--------------------------------------	---

**FINANCIAL STATEMENTS**

Statement of Net Position	12
---------------------------	----

Statement of Activities	13
-------------------------	----

Balance Sheet – Governmental Funds	14
------------------------------------	----

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	15
--	----

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
---	----

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	17
--	----

Notes to the Financial Statements	18
-----------------------------------	----

**OTHER REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Revenues, Expenditures, and Changes in Fund Fund Balance – Budget and Actual – General Fund	26
--	----

**OTHER SUPPLEMENTARY INFORMATION**

General Fund – Schedule of Expenditures – Detailed (Budget and Actual)	27
--	----

Schedule of Per Diem Paid to Board Members	28
--	----

Schedule of Compensation, Benefits, and Other Payments to Agency Head	29
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**Metairie Business Development District  
Table of Contents  
December 31, 2018**

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	30
Schedule of Current Year Findings and Responses	32
Summary Schedule of Prior Audit Findings	34



**Report**



**Carr, Riggs & Ingram, LLC**  
111 Veterans Memorial Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the governmental activities and the major fund of the Metairie Business Development District (the "District") as of and for the year ended December 31, 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by The Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Metairie Business Development District, as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The General Fund – Schedule of Expenditures – Detailed (Budget to Actual), the Schedule of Per Diem Paid to Board Members and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The General Fund – Schedule of Expenditures – Detailed (Budget to Actual), the Schedule of Per Diem Paid to Board Members, and the Schedule of Compensation, Benefits and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, General Fund – Schedule of Expenditures – Detailed (Budget to Actual), the Schedule of Per Diem Paid to Board Members, the Schedule of Compensation, Benefits and Other Payments to Agency Head, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 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.

*Cau, Riggs & Ingram, L.L.C.*

July 1, 2019



**Required Supplementary  
Information (Part I)**

# Metairie Business Development District Management's Discussion and Analysis

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Metairie Business Development 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.

We encourage readers to consider the information presented here in conjunction with the financial statements, which begin on page 12. All amounts, unless otherwise noted, are expressed in thousands (000s) of dollars.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,612 (*net position*). Of this amount, \$978 or 60.6 percent is invested in capital assets, such as land, buildings, vehicles and equipment and \$300 or 18.6 percent is *restricted net position* (representing funds that are restricted for certain projects). The remaining balance of \$335 (*unrestricted net position*) or 20.8 percent may be used to meet the government's ongoing obligations to citizens and creditors.
- The District's total net position increased by \$107 or 7.1 percent during the current year because total revenues exceeded total expenses by that amount. The revenues of the District totaled \$153, a decrease of \$(113) from last year. The majority of the decrease came from a decrease in the capital sales tax TIF funds and sales tax TIF funds due to a decrease in activity. The expenses of the District totaled \$46, an decrease of \$(21) from last year (mostly in general and administrative costs for the partial year of the project director fees).
- At of the close of the current fiscal year, the District's governmental fund (the General Fund) reported ending fund balance of \$638, an increase of \$110 or 20.9 percent in comparison with the prior year. Of this amount, \$300 or 47.3 percent is *restricted fund balance* (earmarked for the pocket park) and the remaining \$335 or 52.7 percent is available for spending at the government's discretion (*unassigned fund balance*).
- The District is operating on a "pay-as-you-go" basis and has not incurred any new debt for the past year.

## Metairie Business Development District Management's Discussion and Analysis

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

The "Statement of Activities" presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

The District's funds can be classified into three categories: governmental funds, proprietary funds, and fiduciary funds. As discussed below, the District only presents governmental funds.

## Metairie Business Development District Management's Discussion and Analysis

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

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

The District maintains only one fund (the General Fund). Information is presented in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund.

The basic governmental fund financial statements can be found on pages 14 to 17 of this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget (see page 27).

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 25 of this report.

**Other information.** Individual fund statements and schedules, which show additional detailed financial information on the General Fund are considered supplementary information and are found on page 27. Other Supplementary information, which includes a the Schedule of Board Members' Per Diems, and the Schedule of Compensation, Benefits, and Other Payments to the Agency Head, is included on pages 28 to 29.

## Metairie Business Development District Management's Discussion and Analysis

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$1,612 at December 31, 2018.

	<u>Governmental Activities</u> <u>2018</u>		<u>Governmental Activities</u> <u>2017</u>	
Current and other assets	\$ 638		\$ 533	
Capital assets	<u>978</u>		<u>978</u>	
Total assets	<u>1,616</u>		<u>1,511</u>	
Accounts payable	<u>3</u>		<u>6</u>	
Total liabilities	<u>3</u>		<u>6</u>	
Net position:				
Net investment in capital assets	978	60.7%	978	65.0%
Restricted	300	18.6%	300	19.9%
Unrestricted	<u>334</u>	<u>20.7%</u>	<u>227</u>	<u>15.1%</u>
Total net position	<u>\$ 1,612</u>		<u>\$ 1,505</u>	

A portion of the District's net position (\$978 or 60.7 percent) reflects its investment in capital assets (e.g., land) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, as the capital assets themselves cannot be used to liquidate these liabilities.

The District reports a *restricted net position* of \$300 or 18.6% of its total net position. These funds are restricted by the entities providing the funds for the acquisition and development of a pocket park in the Fat City area.

The balance of *unrestricted net position* (\$334 or 20.7 percent) may be used to meet the District's ongoing obligations to citizens and creditors. The District's net position increased by \$107 or 7.1 percent during the current fiscal year.

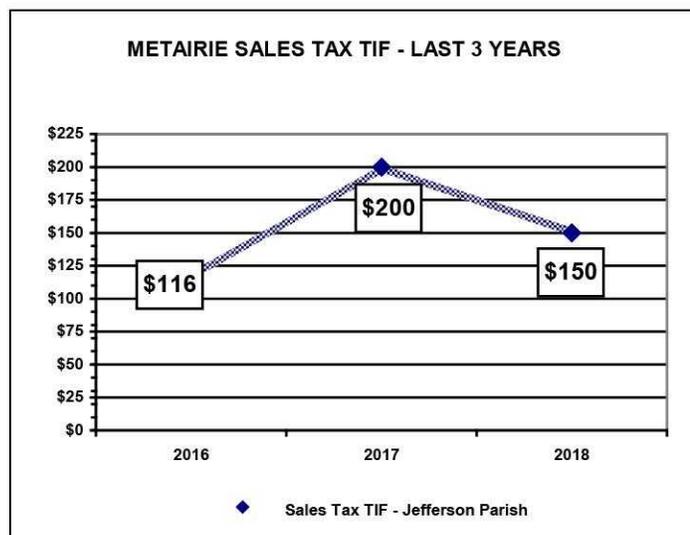
At December 31, 2018, the District is able to report positive balances in all three categories of net position.

## Metairie Business Development District Management's Discussion and Analysis

**Governmental Activities.** Governmental activities increased the District's net position by \$107 or 7.1 percent. Key elements of this increase are as follows:

	Governmental Activities 2018		Governmental Activities 2017	
<b>Revenues:</b>				
<b>Program revenues:</b>				
Capital grants and contributi	-	-0.1%	64	24.1%
<b>General revenues:</b>				
Sales tax TIF - Jefferson Pari	150	98.0%	200	75.2%
Unrestricted interest	3	2.0%	2	0.8%
<b>Total revenues</b>	<b>153</b>	<b>100.0%</b>	<b>266</b>	<b>100.0%</b>
<b>Expenses:</b>				
<b>Business Development</b>				
General and administrative	39	84.8%	58	86.7%
Communciation and events	4	8.7%	2	3.0%
Public Space Operations	3	6.5%	7	10.4%
<b>Total expenses</b>	<b>46</b>	<b>100.0%</b>	<b>67</b>	<b>100.0%</b>
<b>Increase in Net Position</b>	<b>107</b>		<b>199</b>	
Beginning of Year	1,505		1,306	
End of Year	\$ 1,612		\$ 1,505	

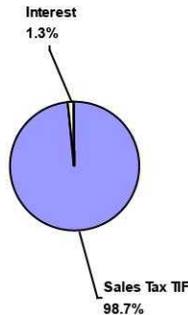
- Sales Tax TIF - Jefferson Parish earned in 2018 was \$150, a decrease of (\$50) or 25.0 percent. This decrease is due to the reduction in activity in 2018, resulting in the District drawing less TIF funds in 2018. The Parish levies a Sales Tax TIF and allows the District to access these funds for operations. For 2018, the Parish provided the amounts requested from the Sales Tax TIF – Jefferson Parish.
- Interest income earned during the year was \$3.



## Metairie Business Development District Management's Discussion and Analysis

A breakdown of the revenues received by the District's governmental activities is as follows:

**Revenues by Source - Governmental Activities**



Expenses totaled \$46. The only function the District provides is the business development function. The majority of these costs related to general and administrative costs (project director fees, insurance, and legal), public space operations (tree installation and maintenance), and communication and event costs (logo and website design).

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the District's "governmental funds" is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2018, the District's governmental fund (i.e., the General Fund) reported ending fund balance of \$635, an increase of \$110 or 20.9 percent in comparison with the prior year. \$300 or 47.2 percent of this amount is *restricted fund balance* and \$335 or 52.8 percent of this total constitutes *unassigned fund balance*, which is available for spending at the government's discretion.

As noted above, the governmental funds include the general operating funds of the District (i.e., the General Fund). Overall, as the graph shows, revenues of the Governmental Funds decreased from the past year. This was primarily due to a drop in intergovernmental revenues (down \$125). This decrease relates to the reduced activity of the District after acquisition of the land for the pocket park in 2017.

## Metairie Business Development District Management's Discussion and Analysis

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 728 percent of total general fund expenditures, with the capital grant expenditures included, compared to 21.9 last year.

The fund balance of the District's General Fund increased by \$107 during the current fiscal year. Key factors in this change are as follows:

- The General Fund's revenues totaled \$153, while expenditures totaled \$46.
- Revenues decreased by (\$113) from the prior year, mainly because of:
  - Sales Tax TIF decreased \$(50) due to decreases in the amounts requested - operations were down \$50 and capital purposes were down \$64 as the District drew down money for the acquisition of a site for pocket park in the prior year.
  - Service charges and fees were down \$12 due to a short-term lease on the property acquired in 2017.
  - Interest was \$1 more than last year as more funds were on hand.
- Expenditures decreased (\$990) from last year due to the following:
  - General and administrative costs totaled \$39 (down \$19 from last year). This category included \$27 for a project director, \$7 for accounting/audit fees, \$3 for insurance premiums, and \$2 for legal fees.
  - Communication and events totaled \$4 (up \$2 from last year). This category included \$1 for the Christmas lighting event and \$3 for other events.
  - Public space costs totaled \$3 (down \$4 from last year). This category included \$1.5 for tree installation in the Fat City area and maintenance of those trees, along with \$1 for electricity for lighting up the murals.
  - Capital outlays totaled \$0 (down \$970 from last year).

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The District made several amendments to its original budget during the fiscal year ended December 31, 2018.

Revenues were decreased by (\$50) to reflect a decrease in the TIF funds drawn from the Parish. Expenditures were decreased throughout the year to reflect the reduction in activities by the District.

The General Fund's actual revenues and expenditures varied from the final budget as follows.

- Revenues of the General Fund were budgeted at \$152 and came in at \$153, an favorable variance of \$1. The variance had to do with a small amount for service charges, fees and commissions not being part of the budget.

## Metairie Business Development District Management's Discussion and Analysis

- Expenditures of the General Fund were budgeted at \$136 and came in at \$46, a positive variance of \$90. General and Administrative costs were \$20 under budget, Communication and Events were \$37 under budget, Public Space operations were \$8 under budget and Capital outlays were \$25 under budget.

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

**Capital Assets.** The District's investment in capital assets for its governmental activities as of December 31, 2018 amounts to \$978 (net of accumulated depreciation and debt). This investment in capital assets includes land. The District's net investment in capital assets did not change for the year ended December 31, 2018. Additional information on the District's capital assets can be found in Note 3 on page 24.

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

### ***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

- The unemployment rate for the Parish of Jefferson is currently 3.5 percent, which is 2.6 percent lower than it was a year ago. Regional inflationary trends compare favorably to national indices.
- The Sale Tax TIF – Jefferson Parish was still in place and is assumed to generate the same amount of funds in 2019 as it has in the past (approximately \$200,000 per year). The District will continue to have access to these funds to fund operations in 2019.
- All of these factors were considered in preparing the District's budget for 2019.

### **REQUESTS FOR INFORMATION**

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



# Financial Statements

**Metairie Business Development District  
Statement of Net Position**

December 31,	<b>2018</b>
<hr/>	
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 637,807
Total Current Assets	<b>637,807</b>
<hr/>	
<b>NONCURRENT ASSETS</b>	
Capital assets, net of depreciation	977,850
<hr/>	
TOTAL ASSETS	<b>1,615,657</b>
<hr/>	
<b>LIABILITIES AND NET POSITION</b>	
Current Liabilities	
Accounts payable	3,299
<hr/>	
Total Current Liabilities	<b>3,299</b>
<hr/>	
TOTAL LIABILITIES	<b>3,299</b>
<hr/>	
<b>NET POSITION</b>	
Net investment in capital assets	977,850
Restricted	300,000
Unrestricted	334,508
<hr/>	
TOTAL NET POSITION	<b>\$ 1,612,358</b>
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*The accompanying notes are an integral part of these financial statements.*

## Metairie Business Development District Statement of Activities

For the Year Ended December 31,

2018

	Program Revenues		Net (Expense) Revenue and Change in Net Position
Function/Programs	Expenses	Charges for Services	Governmental Activities
<b>Governmental Activities</b>			
Business Development			
General and Administrative Costs	\$ 39,446	\$ 49	\$ (39,397)
Communication and Events	3,687	-	(3,687)
Public Space Operations	2,544	-	(2,544)
<b>Total Governmental Activities</b>	<b>\$ 45,677</b>	<b>\$ 49</b>	<b>\$ (45,628)</b>

**General Revenues**

Sales Tax TIF funds - Jefferson Parish	\$ 150,000
Unrestricted interest	2,746
<b>Total General Revenues</b>	<b>152,746</b>

**CHANGE IN NET POSITION** **107,118**

NET POSITION - beginning of year **1,505,240**

**NET POSITION - end of year** **\$ 1,612,358**

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

**Metairie Business Development District  
Balance Sheet - Governmental Funds**

December 31, 2018	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 637,807
<b>TOTAL ASSETS</b>	<b>\$ 637,807</b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Liabilities	
Accounts payable	\$ 3,299
<b>TOTAL LIABILITIES</b>	<b>3,299</b>
<b>FUND BALANCE</b>	
Restricted for Fat City Pocket Park	300,000
Unassigned	334,508
<b>TOTAL FUND BALANCE</b>	<b>634,508</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 637,807</b>

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

**Metairie Business Development District  
Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Position**

Total fund balance at December 31, 2018 - Governmental Fund \$ 634,508

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund.

Governmental capital assets 977,850

Net position of governmental activities \$ 1,612,358

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

**Metairie Business Development District  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds**

For the year ended December 31, 2018	<b>General Fund</b>
<b>REVENUES</b>	
Sales tax TIF funds - Jefferson Parish	\$ 150,000
Service charges, fees and commissions	49
Interest income	2,746
<b>Total Revenues</b>	<b>152,795</b>
<b>EXPENDITURES</b>	
Current:	
General and Administrative Costs	39,446
Communication and Events	3,687
Public Space Operations	2,544
<b>Total Expenditures</b>	<b>45,677</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>107,118</b>
FUND BALANCE - beginning of year	527,390
<b>FUND BALANCE - end of year</b>	<b>\$ 634,508</b>

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

**Metairie Business Development District  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds to the Statement of Activities**

**For the year ended December 31, 2018**

Total net change in fund balance - governmental fund **\$ 107,118**

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities the cost of those assets is allocated over  
their estimated useful lives and reported as depreciation expense

Cost of capital assets

Depreciation expense

-

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Change in Net Position of Governmental Activities **\$ 107,118**

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



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Metairie Business Development District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### ***Organization***

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

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

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

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

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



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Reporting Entity***

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

#### ***Government-wide and Fund Financial Statements***

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

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

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

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

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



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

#### *Cash and Cash Equivalents*

For reporting purposes, cash and cash equivalents include amounts in demand deposits. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. Management believes all cash and cash equivalents are reported at their fair value.



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Capital Assets***

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

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

#### ***Net Position***

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

#### ***Fund Balance***

In accordance with the requirements of Government Accounting Standards Board (GASB) Codification Section 1800.142-162, fund balances of the governmental fund types are categorized into one of five categories in the fund financial statements - Non-spendable, Restricted, Committed, Assigned, or Unassigned.

For committed fund balances, the District Board is considered to be the highest level of decision-making authority and resolutions passed by it is needed to establish, modify, or rescind a fund balance commitment. For assigned fund balances, the MBDD Chairman may assign amounts to a specific purpose.

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



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Restrictions of Net Position and Fund Balance Components*

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

##### **Net Position - Restricted for Fat City Pocket Park**

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

Also, in accordance with GASB Codification Section 1800.142-162, fund balances of the governmental fund types are categorized into one of five categories in the fund financial statements - Non-spendable, Restricted, Committed, Assigned, or Unassigned, as noted below.

##### **Fund Balance - Restricted**

This amount represents funds that have been received from the Parish of Jefferson that are earmarked for the purchase of land for the Fat City pocket park, as well as the charitable donation received for developing the park at a future date. As of December 31, 2018, the District has \$300,000 in restricted fund balance.

##### **Fund Balance - Unassigned**

This amount represents funds that have not been assigned to other funds and have not been restricted, committed, or assigned to a specific purpose within the General Fund. This is the residual classification for the General Fund. As of December 31, 2018, the District has \$334,508 in unassigned fund balance.

#### *Budgetary Accounting*

In accordance with the Louisiana Local Government Budget Act, the procedures used by the District in establishing the budgetary data reflected in the financial statements include public notices of the proposed budget, public inspections, and public hearings. The District then legally adopts the budget via a resolution, which is then submitted to and approved by the Parish of Jefferson.

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

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



## Metairie Business Development District Notes to the Financial Statements

### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates 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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 – DEPOSITS AND INVESTMENTS

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana. At December 31, 2018, the District has cash balances totaling \$637,807.

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

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Deposit balances (bank balances) at December 31, 2018, are secured as follows:

Bank Balance	\$	638,798
Insured	\$	250,000
Collateralized by pledging bank in District's name		388,798
Total	\$	638,798

**Metairie Business Development District  
Notes to the Financial Statements**

**NOTE 3 – CAPITAL ASSETS**

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

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Capital assets, nondepreciable				
Land	\$ 977,850	\$ -	\$ -	\$ 977,850
Total capital assets, net	\$ 977,850	\$ -	\$ -	\$ 977,850

**NOTE 4 – ACTIVITIES AND FUNDS**

***Tax Increment Funding***

The District receives funds under a Cooperative Endeavor Agreement (CEA) with the Parish of Jefferson as approved by Resolution No. 125888. Under this agreement, the Parish allows the District to expend funds generated from incremental sales taxes in the Metairie Central Business District Trust Fund No. 1 (a Tax Increment Financing (TIF) District). Under the terms of the agreement, the District can request funding from the TIF for operations and capital projects up to \$200,000, subject to approval by the Parish Council. The CEA expired on December 31, 2017. The CEA continued month to month until the Parish Council approved a new CEA via Resolution No. 130978 on February 21, 2018 which extends the agreement through December 31, 2019.

During 2018, the District received \$150,000 from the TIF for operations.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

***Risk Management***

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

***Litigation***

There is no litigation pending against the District at December 31, 2018.



## **Metairie Business Development District Notes to the Financial Statements**

### **NOTE 6 – ECONOMIC DEPENDENCY**

The District receives the majority of its operating revenue from funds provided by the Parish of Jefferson through the Metairie TIF District pursuant to its cooperative endeavor agreement (see Note 4), as well as through other intergovernmental grants. The terms of the cooperative endeavor agreement expire with the expiration of the TIF. For 2018, the amounts received from the TIF amounted to \$150,000 for operations. This amount represents 98.2% of total governmental revenues.

### **NOTE 7 – SUBSEQUENT EVENTS**

The District has evaluated subsequent events through the date that the financial statements were available to be issued, July 1, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**Required Supplementary  
Information (Part II)**

**Metairie Business Development District**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - General Fund**

For the Year Ended December 31,

**2018**

	<u>Budgetary Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales taxes	\$ 200,000	\$ 150,000	\$ <b>150,000</b>	\$ -
Service charges, fees and commissions	-	-	<b>49</b>	
Interest income	2,250	2,250	<b>2,746</b>	496
<b>Total Revenues</b>	<b>202,250</b>	<b>152,250</b>	<b>152,795</b>	<b>545</b>
<b>Expenditures</b>				
General government:				
General and Administrative Costs	59,575	59,575	<b>39,446</b>	20,129
Communication and Events	40,500	40,500	<b>3,687</b>	36,813
Public Space Operations	13,000	10,500	<b>2,544</b>	7,956
Capital outlay	998,315	25,000	-	25,000
<b>Total Expenditures</b>	<b>1,111,390</b>	<b>135,575</b>	<b>45,677</b>	<b>89,898</b>
<b>Net Change in Fund Balance</b>	<b>(909,140)</b>	<b>16,675</b>	<b>107,118</b>	<b>90,443</b>
Fund Balance, Beginning of Year	527,390	527,390	<b>527,390</b>	-
<b>Fund Balance, End of Year</b>	<b>\$ (381,750)</b>	<b>\$ 544,065</b>	<b>\$ 634,508</b>	<b>\$ 90,443</b>

*See independent auditors' report.*



**Other Supplementary Information**

**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
GENERAL FUND  
SCHEDULE OF EXPENDITURES - DETAILED (BUDGET AND ACTUAL)**

For the Year Ended December 31,

**2018**

	<u>Budgetary Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
<b>Expenditures</b>				
General government:				
General and Administrative Costs				
Audit fees	\$ 3,500	\$ 3,500	\$ 3,500	\$ -
Insurance premiums	3,000	3,000	2,978	22
Legal Fees	2,000	2,000	1,838	162
Office Supplies	75	75	54	21
Printing and copying	500	500	83	417
Professional fees - Other	500	500	3,850	(3,350)
Computer and internet expenses	-	-	60	(60)
Professional fees - Project Manager	50,000	50,000	27,083	22,917
	<u>59,575</u>	<u>59,575</u>	<u>39,446</u>	<u>20,129</u>
Communication and Events				
Advertising and promotion	1,500	1,500	-	1,500
Christmas lighting - Fat City	2,500	2,500	563	1,937
Fall Festival	35,000	35,000	2,993	32,007
Website design and maintenance	1,500	1,500	131	1,369
	<u>40,500</u>	<u>40,500</u>	<u>3,687</u>	<u>36,813</u>
Public Space Operations				
Tree installation and maintenance	7,000	5,000	1,553	3,447
Holiday signs and lighting	5,000	-	375	(375)
Murals - maintenance, lighting, etc.	1,000	5,500	616	4,884
	<u>13,000</u>	<u>10,500</u>	<u>2,544</u>	<u>7,956</u>
Capital outlay	<u>50,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<b>Total Expenditures</b>	<u>\$ 163,075</u>	<u>\$ 135,575</u>	<u>\$ 45,677</u>	<u>\$ 89,898</u>

*See independent auditors' report.*

**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

*See independent auditors' report.*

**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**Agency Head Name: Tommy Cvitanovich, Board Chair**

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

*See independent auditors' report.*



**Carr, Riggs & Ingram, LLC**  
111 Veterans Blvd.  
Suite 350  
Metairie, Louisiana 70005

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Metairie Business Development District (the "District"), a component unit of the Parish of Jefferson, Louisiana, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 1, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Carly Riggs & Ingram, L.L.C.*

July 1, 2019

**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

We have audited the basic financial statements of Metairie Business Development District as of and for the year ended December 31, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2018 resulted in an unmodified opinion.

**SECTION I - SUMMARY OF AUDITORS' REPORT**

*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

*b. Federal Awards*

There were no federal awards noted.

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the year ended December 31, 2018.

**SECTION III – COMPLIANCE FINDINGS AND OTHER MATTERS**

There were no findings related to compliance for the year ended December 31, 2018.

**SECTION IV – MANAGEMENT LETTER**

No management letter was issued for the year December 31, 2018.



**METAIRIE BUSINESS DEVELOPMENT DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

There were no findings related to the financial statements for the year ended December 31, 2017.

**SECTION III – COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance for the year ended December 31, 2017.

**SECTION IV – MANAGEMENT LETTER**

No management letter was issued for the year ended December 31, 2017.