

**Greater Alexandria Economic
Development Authority**

Annual Financial Report

**For the Year Ended
December 31, 2019**

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Independent Auditor's Report

To the Board of Commissioners
Greater Alexandria Economic Development Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Alexandria Economic Development Authority, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Greater Alexandria Economic Development Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Alexandria Economic Development Authority, as of December 31, 2019, 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison information described 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 Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Alexandria Economic Development Authority's basic financial statements. The schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is other supplemental information presented for purposes of additional analysis and is not a required part of the basic financial statements. This supplemental 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standard

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020 on our consideration of the Greater Alexandria Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide and opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Alexandria Economic Development Authority's internal control over financial reporting and compliance.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

June 26, 2020

GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

This section of the annual financial report presents our discussion analysis of the Greater Alexandria Economic Development Authority's financial performance during the fiscal year ended December 31, 2019.

Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Greater Alexandria Economic Development Authority's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Greater Alexandria Economic Development Authority as a whole using accounting methods similar to those used by private-sector companies. The government-wide financial statements report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Greater Alexandria Economic Development Authority's assets and all of its liabilities. All of the Authority's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by hotel occupancy taxes.

Fund Financial Statements

Fund Financial statements provide detailed information regarding the Greater Alexandria Economic Development Authority's most significant activities and are not intended to provide information for the Authority as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the Greater Alexandria Economic Development Authority's funds are Governmental Funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund uses a modified accrual basis of accounting that provides a short-term view of the Greater Alexandria Economic Development Authority's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

**GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2019

Financial Analysis of the Authority as a Whole

An analysis of the government-wide Statement of Net Position is presented as follows:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Assets:</u>		
Current assets	\$ 1,043,136	\$ 1,069,250
Other assets	2,275	1,950
Prepaid expenses	1,482	-0-
Capital assets	945	374
Total assets	<u>1,047,838</u>	<u>1,071,574</u>
<u>Liabilities:</u>		
Current Liabilities	14,025	885
<u>Net Position:</u>		
Invested in Capital Assets, Net	945	374
Unrestricted	<u>1,032,868</u>	<u>1,070,315</u>
Total Net Position	<u>\$ 1,033,813</u>	<u>\$ 1,070,689</u>

A substantial portion of the Greater Alexandria Economic Development Authority's net position (99.91%) is unrestricted and may be used to meet the Greater Alexandria Economic Development Authority's ongoing obligations.

**GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2019

An analysis of the government-wide Statement of Activities is presented as follows:

	For the Year Ended <u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Revenues:</u>		
Program revenue:		
Operating grants and contributions	\$ -0-	\$ -0-
General revenue:		
Hotel occupancy taxes	887,500	848,703
Investment income	2,625	1,692
Other income	<u>1,300</u>	<u>391</u>
Total revenue	891,425	850,786
<u>Program expenses:</u>		
Economic development	928,301	982,660
Loss on sale of property	<u>-0-</u>	<u>330,009</u>
Total expenses	<u>928,301</u>	<u>1,312,669</u>
Change in net position	(36,876)	(461,883)
Net position beginning (restated)	<u>1,070,689</u>	<u>1,532,572</u>
Net position ended	<u>\$ 1,033,813</u>	<u>\$ 1,070,689</u>

The Authority purchased land in a corridor of Alexandria that had been identified as an area in need of improvement. The Authority sold the land at a loss of \$330,009 in 2018, however, by demolishing the building and having the land available for repurposing, the Agency fulfilled its mission of economic development.

The core activities of the Authority were substantially the same in 2019 and 2018. The Authority is providing more in economic development grants and expenses than revenues, but the intent of the Board and Management is to utilize unrestricted net position to provide economic development opportunities.

GREATER ALEXANDRIA ECONOMIC DEVELOPMENT AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2019

Financial Analysis of the Authority's Funds

For the year ended December 31, 2019 governmental fund balances decreased by \$38,929. The decrease in the fund was directly attributable the awarding of grants utilizing unrestricted fund balance.

Budget Highlights

For the year ended December 31, 2019, actual revenue exceeded budgeted revenue by \$104,628. Budgeted expenditures exceeded actual expenditures by \$120,706. The Authority had a net positive budget variance of \$225,334 for the year.

Capital Asset Administration

In the current year there was capital asset acquisition of \$704. This was for the purchase of a laptop.

Debt Administration

There was no debt activity in the current year.

Factors Expected to Affect Future Operations

In the first and second quarter of 2020, The United States, including the Central Louisiana area, was impacted by the COVID-19 pandemic. The hotel industry was particularly harmed by the preventative measures put in place by governmental agencies restricting travel. The revenues from GAEDA are based on hotel taxes. Therefore, it is expected that there will be a significant decrease in revenues in 2020 and possibly 2021. However, many of the grantees were to use the grant funds for events that were cancelled as a result of COVID-19, therefore many of the grants that have been awarded are not expected to be funded.

Greater Alexandria Economic Development Authority
Statement of Net Position - Government Wide
December 31, 2019

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,043,136
Other assets	2,275
Prepaid expenses	1,482
Depreciable capital assets	945
Total Assets	1,047,838
Liabilities	
Accounts payable	4,525
Grants payable	9,500
Total Liabilities	14,025
Net Position	
Investment in capital assets	945
Unrestricted	1,032,868
Total Net Position	\$ 1,033,813

The notes to the financial statements are an integral part of this statement.

Greater Alexandria Economic Development Authority
Statement of Activities - Government Wide
For the Year Ended December 31, 2019

	Governmental Activities
Expenses:	
Economic development	
Payroll	\$ 184,090
Employee benefits and payroll taxes	49,801
Advertising and marketing	1,204
Economic development projects	411,607
GRC cooperative agreement	150,030
Travel, training, and conferences	4,208
Insurance	3,687
Legal and professional	56,954
Materials and supplies	10,006
Rent and lease expense	25,704
Utilities and telephone	27,323
Depreciation	133
Other expenses	3,554
Total expenses	928,301
Program revenues:	
Charges for services	-
Operating grants and contributions	-
Capital grants and contributions	-
Net revenues (expenses)	(928,301)
General revenues (expenses):	
Hotel occupancy taxes (net of fees)	887,500
Investment income	2,625
Other income	1,300
Total general revenues and expenses	891,425
Change in net position	(36,876)
Net position - beginning	1,070,689
Net position - ended	\$ 1,033,813

The notes to the financial statements are an integral part of this statement.

Greater Alexandria Economic Development Authority
Balance Sheet - Governmental Funds
December 31, 2019

	General Fund
<u>Assets</u>	
Cash and cash equivalents	\$ 1,043,136
Other assets	2,275
Total Assets	\$ 1,045,411
<u>Liabilities and Fund Balance</u>	
<u>Liabilities</u>	
Accounts payable	4,525
Grants payable	9,500
Total Liabilities	14,025
<u>Fund Balance</u>	
Unassigned	1,031,386
Total Fund Balances	1,031,386
Total Liabilities and Fund Balance	\$ 1,045,411

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Balance Sheet
of Governmental Funds
to the Statement of Net Position
December 31, 2019**

Total fund balance-total governmental funds		\$ 1,031,386
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore the following amounts are not reported in the funds.		
Capital assets	46,090	
Accumulated depreciation	<u>(45,145)</u>	<u>945</u>
Employee benefits that were reported as prepaid in government-wide financial statements		<u>1,482</u>
Net Position of Governmental Activities		<u>\$ 1,033,813</u>

The notes to the financial statements are an integral part of this statement.

**Statement of Revenues, Expenditures, and Changes
in Fund Balances-Governmental Funds
Greater Alexandria Economic Development Authority
For the Year Ended December 31, 2019**

	General Fund
<u>Revenues:</u>	
Hotel occupancy taxes (net)	\$ 887,500
Investment income	2,625
Other income	1,300
Total revenues	891,425
 <u>Expenditures:</u>	
Economic development	
Payroll	184,090
Employee benefits and payroll taxes	51,283
Advertising and marketing	1,204
Economic development projects	411,607
Professional fees-GRC	150,030
Travel, training, and conferences	4,208
Insurance	3,687
Legal and professional	56,954
Materials and supplies	10,006
Rent and lease expense	25,704
Utilities and telephone	27,323
Capital expenditures	704
Other expenses	3,554
Total expenditures	930,354
 Net Change in Fund Balances	 (38,929)
Fund Balance - Beginning of Year	1,070,315
 Fund Balance - End of Year	 \$ 1,031,386

The notes to the financial statements are an integral part of this statement.

**Reconciliation of the Statement of
Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended December 31, 2019**

Net changes in fund balances-total governmental funds		\$ (38,929)
<p style="margin-left: 40px;">Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p>		
<p>Assets are capitalized and depreciated in the government-wide financial statements, but expensed when purchased on the fund financial statements</p>		
Depreciation expense	(133)	
Capital expenditures	<u>704</u>	<u>571</u>
<p>Employee benefits that were reported as prepaid in government-wide financial statements</p>		
		<u>1,482</u>
Change in net position		<u>\$ (36,876)</u>

The notes to the financial statements are an integral part of this statement.

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Note 1 – Summary of Significant Accounting Policies

The Greater Alexandria Economic Development Authority has been established under Louisiana Law to engage in cooperative economic development activities with the City of Alexandria. The Authority's activities are supported by a special tax levied on hotel occupancy. The Authority is governed by the Board of Commissioners, which is appointed by the City of Alexandria.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

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

Based on the previous criteria, the Greater Alexandria Economic Development Authority is a component of the City of Alexandria. The accompanying component unit financial statements present information only on the funds maintained by the Authority and do not present information on the City, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the Greater Alexandria Economic Development Authority's operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

The government-wide and fund financial statements present the Greater Alexandria Economic Development Authority's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Authority as a whole. The effect of any interfund activity is eliminated from these financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, contributions to specific programs, and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. At the present time, the Authority's only fund is the general fund, which is the primary operating fund and it is used to account for all resources.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is generally considered available if it is collected within 30 days of year end or may otherwise be available to finance current expenditures. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities.

Proceeds from issuing long-term debt are reported as another financing source and repayment of long-term debt is reported as an expenditure.

Restricted Assets

Any amounts reported as restricted assets, represent resources that must be expended in a specific manner. Restrictions of this nature can be imposed by tax propositions and various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Practices

The Board of Commissioners adopts annual budgets in the manner prescribed by State Law. These budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles.

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Capital Assets

Capital Assets include facility improvements and equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are reported at historical cost less accumulated depreciation. Depreciation is computed by using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives are 5 and 7 years.

Cash

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Accrued Leave

Fulltime employees earn vacation at rates that vary depending on length of service. A maximum of 80 hours of accrued leave are allowed to accumulate. As of December 31, 2019, no significant Accrued Leave Liability existed and no significant remaining vacation time was accrued by employees at December 31, 2019.

Internal Balances

Internal balances arise from transactions between funds. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, inter fund receivable and payable are recorded. Internal balances are eliminated in preparing government-wide financial statements.

Fund Balance Classifications

Commitment or assignment of fund balances requires approval of a majority of the Greater Alexandria Economic Development Authority's Governing Board based on a vote conducted in an open meeting. When expenditures comply with the necessary provisions restricted, committed or assigned amounts are generally consumed rather than utilizing unassigned funds.

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Note 2 – Cash and Cash Equivalents

Deposits in financial institutions totaled \$1,043,136 (collected bank balance). These deposits are secured from risk by \$250,000 in Federal Deposit Insurance per bank and pledged securities with a market value of \$1,124,216. The pledged securities are held by a custodial bank in the name of the pledging institutions (fiscal agent). However, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified that the fiscal agent has failed to pay deposited funds upon demand. The Greater Alexandria Economic Development Authority limits credit risk by requiring pledged securities in the manner described above.

Note 3 – Capital Assets

A summary of the Greater Alexandria Economic Development Authority’s capital assets is provided as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Leasehold improvements	27,850	-0-	-0-	27,850
Equipment	17,536	704	-0-	18,240
Less: accumulated depreciation	<u>(45,012)</u>	<u>(133)</u>	<u>-0-</u>	<u>(45,145)</u>
Total, net of net of depreciation	\$ 374	\$ 571	\$ -0-	\$ 945

Note 5 – Payables

Accounts payable at year end are summarized as follows:

Accounts payable to vendors	\$ 4,525
Grants payable to recipients	<u>9,500</u>
Total payables	<u>\$ 14,025</u>

Note 6 – Leases

The Authority has acquired certain facilities necessary for operations by executing an operating lease. The lease was renewed in October 2018 for the three-year period beginning January 1, 2019 and ending December 31, 2021; a rental payment of \$2,142 is due on a monthly basis. Lease expense for the year ended December 31, 2019 was \$25,704. Future minimum lease payments are:

2020	\$25,704
2021	25,704

Greater Alexandria Economic Development Authority
Notes to Financial Statements
December 31, 2019

Note 7 – Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

Note 8 – Retirement Plan

The Authority offers a defined contribution retirement plan to its employees. Under the terms of the plan, employees are allowed to contribute a portion of the compensation to the plan and the Authority provides certain matching contributions. For the year ended December 31, 2019, the Authority funded the retirement plan in the amount of \$7,050. The funding took place on January 2, 2019.

Note 9 – Long-Term Liabilities

As of December 31, 2019, GAEDA had no outstanding debt attributable to GAEDA's activities.

Note 10 – Subsequent Events

Management has evaluated subsequent events through the date of that the financial statements were available to be issued, which was June 26, 2020. In the first and second quarter of 2020, The United States, including the Central Louisiana area, was impacted by the COVID-19 pandemic. The hotel industry was particularly harmed by the preventative measures put in place by governmental agencies restricting travel. The revenues from GAEDA are based on hotel taxes. Therefore, it is expected that there will be a significant decrease in revenues in 2020 and possibly 2021. However, many of the grantees were to use the grant funds for events that were cancelled as a result of COVID-19, therefore many of the grants that have been awarded are not expected to be funded. The related financial impact cannot be determined at this time.

Greater Alexandria Economic Development Authority
Statement of Revenue, Expenditures and Changes in
Fund Balance - General Fund Budget and Actual
For the Year Ended December 31, 2019

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive Negative
<u>Revenues:</u>				
Occupancy taxes, net	\$ 784,000	\$ 784,000	\$ 887,500	\$ 103,500
Investment income	2,797	2,797	2,625	(172)
Other income	-	-	1,300	1,300
Total revenues	786,797	786,797	891,425	\$ 104,628
<u>Expenditures:</u>				
Economic development				
Payroll	184,200	184,200	184,090	110
Employee benefits and payroll taxes	51,400	51,400	51,283	117
Advertising and marketing	5,000	5,000	1,204	3,796
Economic development projects	501,500	501,500	411,607	89,893
Professional fees-GRC	150,000	150,000	150,030	(30)
Travel, training and conferences	5,000	5,000	4,208	792
Insurance	5,800	5,800	3,687	2,113
Legal and professional	72,800	72,800	56,954	15,846
Materials and supplies	12,960	12,960	10,006	2,954
Rent and lease expense	26,400	26,400	25,704	696
Utilities and telephone	30,000	30,000	27,323	2,677
Capital expenditures	3,000	3,000	704	2,296
Other expenses	3,000	3,000	3,554	(554)
Total expenditures	1,051,060	1,051,060	930,354	120,706
Net Change in Fund Balance	(264,263)	(264,263)	(38,929)	225,334
Fund Balance - Beginning of Year	1,070,315	1,070,315	1,070,315	-
Fund Balance - End of Year	\$ 806,052	\$ 806,052	\$ 1,031,386	\$ 225,334

**Greater Alexandria Economic Development Authority
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended December 31, 2019**

<u>Purpose</u>	<u>Clifford Moller</u>
Salary	\$ 129,856
Benefits - insurance	12,631
Benefits - retirement contributions	5,500
Benefits - H S A contributions	4,500
Conference & travel	
Plane and auto travel	964
Registration & meeting fees	705
Hotel	398
Meals	134
Total conference & travel related	2,201
 Total compensation, benefits and other payments to agency head of chief executive officer	 <u><u>\$ 154,688</u></u>



**Report on Internal Control over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Commissioners
Greater Alexandria Economic Development Authority

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Greater Alexandria Economic Development Authority, as of and for the year ended December 31, 2019, and have issued our report thereon dated June 26, 2020. 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Alexandria Economic Development Authority's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greater Alexandria Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Greater Alexandria Economic Development Authority's internal control over financial reporting.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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

As part of obtaining reasonable assurance about whether Greater Alexandria Economic Development Authority's financial statements are free of 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 instances of noncompliance and are reported as findings 2019-001 and 2019-002 in the Schedule of Findings and Questioned Costs.

GAEDA Response to Findings

Greater Alexandria Economic Development Authority's response to the findings identified in our audit is described in the accompanying Management's Corrective Action Plan. We did not audit Greater Alexandria Economic Development Authority's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing and internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity'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 Legislative Auditor as a public document.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY
Certified Public Accountants
Alexandria, Louisiana

June 26, 2020

**Greater Alexandria Economic Development Authority
Schedule of Findings and Questioned Cost
For the Year Ended December 31, 2019**

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unqualified opinion on the basic financial statements of the Greater Alexandria Economic Development Authority.
2. No material weaknesses were disclosed during the audit of the basic financial statements.
3. Two instances of noncompliance of the Greater Alexandria Economic Development Authority were disclosed during the audit as listed below.

Section II – Financial Statement Findings

Finding 2019-001 – Grant Awarded without Board Approval

Statement of Condition: The Authority paid vendors on behalf of a grantee without proper board approval.

Criteria: The Authority’s board should vote on and approve grant requests.

Effect of Condition: Grants may be funded without board approval.

Cause of condition: There was a lack of oversight on behalf of the Authority’s board and management.

Recommendation: The Authority should verify grant approval before issuing funds to or on behalf of grantees.

Questioned costs: \$5,498.74

Finding 2019-002 – Christmas Party

Statement of Condition: The Authority paid a catering company for meals related to a Christmas Party.

Criteria: Public Funds cannot be spent on social functions.

Effect of Condition: The Authority was not in compliance with Louisiana law.

Cause of condition: Management was not aware of the restriction.

Recommendation: The Authority cannot spend funds on social functions.

Questioned costs: \$516.75

Section III – Federal Award Findings and Questioned Costs

There were no federal awards.

**Greater Alexandria Economic Development Authority
201 Johnston Street, Suite 601
Alexandria, LA 71301**

June 26, 2020

MANAGEMENT’S CORRECTIVE ACTION PLAN

The Greater Alexandria Economic Development Authority respectfully submits the following corrective action plan for the year ended December 31, 2019.

Name and address of contact person: Mr. Clifford Moller, 201 Johnston Street, Suite 601, Alexandria, LA 71301.

Name and address of independent public accounting firm: Oestrieher & Company, CPAs, 4641 Windermere Place, Alexandria, LA 71303

Audit period: January 1, 2019 through December 31, 2019

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

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

Finding 2019-001

Recommendation: The Authority should verify grant approval before issuing funds to or on behalf of grantees.

Action Taken: Management will verify grant approval by the board before issuing funds to or on behalf of grantees.

Finding 2019-002

Recommendation: The Authority cannot spend funds on social functions.

Action Taken: The Authority will not spend funds on social functions.

Section II – Internal Control and Compliance Material to Federal Awards

Findings: No findings were reported in the schedule of findings and questioned costs.

Response: N/A

Section III – Management Letter

Findings: No management letter was issued with this report.

Response: N/A

**Greater Alexandria Economic Development Authority
Schedule of Prior Year Findings and Questioned Cost
For the Year Ended December 31, 2019**

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

Finding No. 2018-001: The Authority does not have sufficient internal controls over the closing process.

Corrective action taken: Condition was resolved. The CPA firm reviews all closing policies, and provides additional oversight to the closing process.

Section II – Internal Control and Compliance Material to Federal Awards

Findings: No findings were reported in the schedule of findings and questioned costs.

Response: N/A

Section III – Management Letter

Findings: No management letter was issued with this report.

Response: N/A

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Greater Alexandria Economic Development Authority and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Greater Alexandria Economic Development Authority (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2019 through December 31, 2019. 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 and associated findings are as follows:

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

Finding: The written policies related to budgeting include information on all required elements.

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.

Finding: The written policies related to purchasing include information on all required elements.

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

Finding: The written policies related to disbursements include information on all required elements.

- d) **Receipts/Collections**, 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).

Finding: The written policies related to receipts and collections include information on all required elements.

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

Finding: The written policies related to payroll and personnel include information on all required elements.

- 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

Finding: The written policies related to contracting include information on all required elements.

- 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)

Finding: The written policies related to credit cards include information on all required elements.

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

Finding: The written policies related to travel and expense reimbursement include information on all required elements.

- 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.

Finding: The written policies related to ethics include information on all required elements.

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

Finding: GAEDA does not have any debt. Written policies are not applicable.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Finding: The written policies related to disaster recovery/business continuity include information on all required elements.

Bank Reconciliations

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

Finding: There was evidence that the bank reconciliations tested were prepared within two months of the related statement closing date.

- 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

Finding: There was no evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliations.

Management's Response: In the future, a member of the Board will review and initial all bank reconciliations.

- 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.

Finding: There were no outstanding items for more than twelve months from the statement closing date.

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

3. 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.

Finding: GAEDA is in possession of one credit card. This card was selected for testing.

4. 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:

- 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 (or electronically approved), 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.]]

Finding: The monthly statement selected for testing was not reviewed and approved, in writing, by someone other than the authorized card holder.

Management's Response: In the future, monthly credit card statements will be approved by a member of the board.

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

Finding: There were no finance charges or late fees.

5. 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Finding: There was an original itemized receipt and written documentation of the public purpose for all items tested. No meal transactions were on the statement selected for testing.

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

6. 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:

- 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).

Finding: No meals were reimbursed using a per diem.

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

Finding: Each meal reimbursed at actual cost had proper supporting documentation including an itemized receipt that identified precisely what was purchased.

- 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).

Finding: Each reimbursement was supported by documentation of the business/public purpose and met all additional requirements of GAEDA's written policy.

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

Finding: There was only one travel related expense reimbursed in 2019. There was no signature of approval from anyone other than the board member receiving the reimbursement. All other travel and travel related expenses were direct payments to vendors.

Management's Response: In the future, the Executive Director will review and initial all reimbursements to employees or board members. If the Executive Director is reimbursed the receipts will be reviewed and initialed by a member of the board.

Contracts

- 7. 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:

- 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.

Finding: The contracts tested did not meet the dollar amount threshold to qualify for Louisiana Public Bid Law.

- 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).

Finding: GAEDA's policy did not require board approval for the contracts selected for testing.

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

Finding: There were no amendments to the contracts tested.

- 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.

Finding: All of the payments tested agreed to the contract terms and conditions.

Payroll and Personnel

8. 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.

Finding: GAEDA has two employees. These employees were selected for testing.

9. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #8 above, obtain attendance records and leave documentation for the pay period, and:

- 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.)

Finding: Daily attendance was not documented. Leave was properly documented.

Management's Response: In the future, GAEDA employees will document their attendance.

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

Finding: There were no attendance records documented. The Executive Director's leave was not approved since he does not have a supervisor.

Management's Response: In the future, the Executive Director's leave will be approved in writing by a member of the board.

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

Finding: Leave accrued and taken during the period was reflected in GAEDA's records.

10. 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.

Finding: There were no termination payments issued during the fiscal period.

11. 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.

Finding: Management represented 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.

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.

Oestriecher & Company, CPAs

OESTRIECHER & COMPANY

Certified Public Accountants

Alexandria, Louisiana

June 26, 2020