
**JEFFERSON PARISH ECONOMIC
DEVELOPMENT COMMISSION**

FINANCIAL STATEMENTS

DECEMBER 31, 2019



**JEFFERSON PARISH ECONOMIC
DEVELOPMENT COMMISSION**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
<u>INDEPENDENT AUDITORS' REPORT</u>	1-3
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Management's Discussion and Analysis	4-11
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	12
Statement of Activities and Changes in Net Position	13
Fund Financial Statements	
Government Funds:	
Balance Sheet	14
Reconciliation of the Balance Sheet of Governmental Funds to the Government-Wide Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances	16
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Government-Wide Statement of Activities	17
Notes to Financial Statements	18-41

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Budgetary Comparison Schedule – General Fund	42
Budgetary Comparison Schedule – Jefferson Edge Fund	43
Budgetary Comparison Schedule – EDA Revolving Loan Fund	44
Budgetary Comparison Schedule – BRGL/LRCF Fund	45
Budgetary Comparison Schedule – ILTAP Fund	46
<u>ADDITIONAL SUPPLEMENTARY INFORMATION</u>	
Statement of Financial Position JEDCO Development Corporation	47
Statement of Activities and Change in Net Assets JEDCO Development Corporation	48
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	49
<u>SINGLE AUDIT SECTION</u>	
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>	50-51
Independent Auditors' Report on Compliance for Each Major Federal Programs and on Internal Control Over Compliance Required by the The Uniform Guidance	52-53
Schedule of Expenditures of Federal Awards	54
Notes to Schedule of Expenditures of Federal Awards	55-56
Schedule of Findings and Questioned Costs	57-58
Schedule of Prior Audit Findings	59

FINANCIAL SECTION



Independent Auditors' Report

Board of Commissioners
Jefferson Parish Economic Development Commission
Avondale, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund, of Jefferson Parish Economic Development Commission (JEDCO), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise JEDCO'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.

Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the aggregate discretely presented component units, and each major fund, 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 11 and pages 42 through 46 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise JEDCO's basic financial statements. The statement of financial position for JEDCO Development Corporation, the statement of activities and change in net assets for JEDCO Development Corporation, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statement of financial position for JEDCO Development Corporation, the statement of activities and change in net assets for JEDCO Development Corporation, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards 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, the statement of financial position for JEDCO Development Corporation, the statement of activities and change in net assets for JEDCO Development Corporation, the schedule of compensation, benefits, and other payments to agency head or chief executive officer, and the schedule of expenditures of federal awards 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 May 22, 2020, on our consideration of JEDCO'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 JEDCO's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JEDCO's internal control over financial reporting and compliance.

Richard CPAS

Metairie, Louisiana
May 22, 2020

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

As financial management of the Jefferson Parish Economic Development Commission (JEDCO), we offer readers of these financial statements this narrative overview and analysis of the financial activities of JEDCO for the fiscal year ending December 31, 2019. This discussion and analysis is designed to assist the reader with focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

FINANCIAL HIGHLIGHTS

- The assets of JEDCO exceeded its liabilities at the close of the most recent fiscal year by \$32,930,686 (net position). Of this amount, \$3,494,244 is unrestricted net position, which may be used to meet JEDCO's ongoing obligations to citizens and creditors.
- JEDCO's net position increased by \$283,108 during the year ended December 31, 2019.
- As of the close of the current fiscal year, JEDCO's governmental funds reported combined ending fund balance of \$14,675,029.
- During the year ended December 31, 2019, capital project expenditures of \$9,230 for computer equipment recorded as capital outlay in the fund financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis provided here are intended to serve as an introduction to JEDCO's basic financial statements. JEDCO's financial statements consist of three components: 1) government- wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of JEDCO's finances, in a manner similar to a private sector business. The statement of net position presents financial information on all of JEDCO's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of JEDCO is improving or deteriorating.

The statement of activities presents information showing how JEDCO'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 in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of JEDCO that are principally supported by intergovernmental revenues and charges for services. The governmental activities of JEDCO include its Business Financing Program, Economic Development Services Program, the Economic Development Administration (EDA) Revolving Loan Fund Program, Jefferson Edge Program, BRGL/LRCF Program, Louisiana Innovation Loan and Technical Assistance Program (IL TAP), JEDCO building expenses and Technology Park expenses, Business Innovation Center, the JEDCO Conference Center, Strategic Initiatives, and Marketing and Administrative expenditures.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

The government-wide financial statements can be found on pages 12 to 13 of this report and include the discretely presented component units, FORJ and JEDCO Development Corporation.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. JEDCO, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of JEDCO can be divided into two categories: governmental funds and fiduciary funds.

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 activities 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 assessing a government's near-term financing requirements.

Because the focus of the 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 statement of revenues, expenditures, and changes in fund balance provide a reconciliation between governmental funds and governmental activities.

JEDCO maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances, for the General Fund, Jefferson Edge Fund, EDA Revolving Loan Fund, BRGULRCF Fund, IL TAP Fund, and JEDCO Debt Service Fund, all of which are considered to be major funds.

JEDCO adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided for the General Fund and all major Special Revenue Funds in the required supplementary information.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support JEDCO's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. JEDCO reports no fiduciary funds at December 31, 2019.

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 the fund financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information in the form of budgetary comparison schedules for the General Fund and all major Special Revenue Funds. This information was discussed earlier in the governmental fund section. The required supplementary information begins on page 44 of this report.

GOVERNMENT-WIDE OVERALL 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 JEDCO, assets exceeded liabilities by \$32,930,686 at December 31, 2019.

Net Position

The most significant component of JEDCO's net position is the unrestricted balance of \$3,494,244 and this may be used to meet the government's ongoing obligations to its citizens and creditors. Net investment in capital assets was \$18,328,515 at December 31, 2019. Net position restricted for economic development, Jefferson EDGE and EDA, BRGL/LRCF and ILTAP revolving loan funds was \$45,000, \$1,088,181, \$1,243,593, \$6,486,826 and \$2,244,327, respectively at December 31, 2019.

JEFFERSON PARISH ECONOMIC DEVELOPMENT CORPORATION **STATEMENTS OF NET POSITION**

	2019	2018
Current and other assets	\$ 6,688,443	\$ 5,952,001
Notes receivable	8,188,607	8,812,082
Capital assets	20,192,515	20,628,563
Total assets	<u>\$ 35,069,565</u>	<u>\$ 35,392,646</u>
Liabilities:		
Other liabilities	\$ 202,021	\$ 678,114
Long-term liabilities	1,936,858	2,066,954
Total liabilities	<u>2,138,879</u>	<u>2,745,068</u>
Net position:		
Net investment in capital assets	18,328,515	18,632,563
Restricted		
Economic development	45,000	58,330
Jefferson Edge	1,088,181	985,373
EDA revolving loan fund	1,243,593	1,306,297
BRGL/LRCF revolving loan fund	6,486,826	6,297,686
ILTAP revolving loan fund	2,244,327	2,414,559
JEDCO debt service fund	-	-
Unrestricted	3,494,244	2,952,770
Total net position	<u>\$ 32,930,686</u>	<u>\$ 32,647,578</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Net investment in capital assets represents JEDCO's net book value of its fixed assets, less any related debt used to acquire those assets. It is the accumulation of years of investments in fixed assets. These assets are not available for spending. The restricted portion of net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,494,244 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current period, JEDCO is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

The government's net position increased by \$283,108 during the current year. The increase in net position is greater than the 2018 decrease of (\$72,982). Charges for services, economic development grants, interest earnings and other sources increased by \$464,379 were partially offset by an increase in expenses of \$108,289 in 2019 as compared to 2018. Charges for services increased primarily from more servicing fees on conduit debt issued and/or the PILOT program. The increase in economic development grants related to a new cooperative endeavor agreement. Increase in interest income resulted from an increase in market interest rates paid on funds deposited with JEDCO's bank. Included in 2019 expenses, was bad debt expense in the amount of \$235,368 recognized in 2019. Expenses, excluding the increase in bad debt expenses decreased by \$127,079.

Governmental Activities

Governmental activities increased JEDCO's net position by \$283,108. Key elements of this increase are as summarized below.

Charges for services increased by \$208,736 in the current year primarily due to an increase in fees earned on conduit closing and administrative fees.

Operating grants and contributions increased by \$91,693 primarily due to a new two-year cooperative endeavor agreement executed in 2019.

Within general revenues, JEDCO's share of occupational license revenues received from Jefferson Parish totaled \$2,111,837, an increase of \$59,517 over the prior year. The increase is due to the 2016 resolution by the Jefferson Parish Council increasing the allocation annually based on adjustments in the consumer price index. Interest income increased by \$124,894 from higher interest rates paid on deposits held at JEDCO's financial institution.

In total, expenses increased by \$108,289 from the prior year. The increase is primarily due to bad debt expense totaling \$235,368 recognized on loans and notes receivable during the current year.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

STATEMENTS OF ACTIVITIES

Revenues	2019	2018
Program revenues:		
Charges for services	\$ 782,768	\$ 572,145
Operating grants and contributions	388,221	311,532
Capital grants and contributions	-	-
General revenues:		
Share of Jefferson Parish Occupational Licenses	2,111,837	2,052,320
Interest and investment earnings	522,386	384,705
Miscellaneous	23,008	43,139
Total revenues	3,828,220	3,363,841
Expenses:		
Administrative	1,626,587	1,655,422
Economic development services	316,760	279,601
Marketing	238,466	232,226
Financing	290,385	274,280
Business Innovation Center	63,173	61,581
Jefferson Edge	131,498	323,312
Tech Park	227,123	244,932
Strategic initiatives	132,770	92,939
Conference center	123,823	117,267
Building expense	159,159	155,263
Bad debt expense	235,368	-
Total expenses	3,545,112	3,436,823
Change in net position	283,108	(72,982)
Net position, beginning of year	32,647,578	32,720,560
Total net position	\$ 32,930,686	\$ 32,647,578

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The focus of JEDCO's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing JEDCO'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.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

As of the end of the current year, JEDCO's governmental funds reported combined fund balances of \$14,675,029, an increase of \$589,060 in comparison with the prior year. Of this balance, \$3,368,588 is unassigned.

The General Fund is the chief operating fund of JEDCO. At the end of the current year, the General Fund has a total fund balance of \$3,612,102, of which \$3,368,588 is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 143 percent of total General Fund expenditures. The General Fund's fund balance increased by \$530,048 during the current year. The largest single revenue source for the General Fund continues to be JEDCO's share of occupational license revenues from Jefferson Parish. The occupational license revenue recognized in the General Fund increased \$59,517 from the prior year to \$2,111,837 in 2019.

The Jefferson Edge Special Revenue Fund has a total fund balance of \$1,088,181, of which \$1,086,356 is restricted for use based on the donors' intent. The net increase in the fund balance during the current year was \$102,808.

The EDA Revolving Loan Special Revenue Fund has a total fund balance of \$1,243,593, of which \$1,103,516 is nonspendable since it is not expected to be available until the year ending December 31, 2020. The net decrease in the fund balance during the current year was \$62,704, primarily related to administrative expenses incurred in excess of interest income earned and bad debt expense of \$26,531 incurred in the current year.

The BRGL/LRCF Special Revenue Fund has a total fund balance of \$6,486,826, of which \$5,928,275 is nonspendable for use since it is not expected to be available until the year ending December 31, 2020. The net increase in fund balance during the current year was \$189,140.

The ILTAP Special Revenue Fund has a total fund balance of \$2,244,327, of which \$1,895,860 is nonspendable for use since it is not expected to be available until the year ending December 31, 2020. The net decrease in fund balance during the current year was \$170,232, primarily related to \$208,837 in bad debt expense incurred in the current year.

The JEDCO Debt Service Fund has a total fund balance of \$-0-. The fund was created in 2015 through the issuance of revenue bonds. The total fund balance is restricted for the future debt service of the revenue bonds.

General Fund Budgetary Highlights

JEDCO's budget is prepared according to Louisiana law. During the course of the year, JEDCO revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less or anticipated expenditures are in excess of budgetary goals by five percent (5%) or more. A statement showing JEDCO's original and final budget compared with actual operating results is provided in this annual report. The General Fund's actual revenues exceeded projected revenues by \$30,600, and actual expenditures were less than final projections by \$122,991.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

A comparison of actual results as of December 31, 2019 and the final budget for the General Fund are as follows:

		Actual	Variance
	Final Budget	Amounts	Favorable (Unfavorable)
Total Revenues	\$ 3,095,987	\$ 3,126,587	\$ 30,600
Total Expenditures	2,721,930	2,598,939	125,391
Total Net Change	\$ 373,657	\$ 530,048	\$ 155,991

Capital Assets, Depreciation, and Debt Administration

Capital Assets

At December 31, 2019, JEDCO had \$20,192,515 invested in capital assets. This amount is net of accumulated depreciation to date. The net book value of capital assets at December 31, 2019, is as follows:

Land and improvements	\$ 8,713,804
Infrastructure, net	4,111,573
Office furniture and equipment, net	62,623
Conference Center furniture and equipment, net	10,478
Conference Center building, net	2,408,767
JEDCO building and improvements, net	4,885,270
Total capital assets, net	\$ 20,192,515

Long-Term Obligations

JEDCO's long-term obligations at December 31, 2019, are comprised of:

Revenue Bonds	\$ 1,864,000
Compensated Absences Payable	72,858
Total	\$ 1,936,858

Economic Factors and Next Year's Budget

Several factors will influence whether or not JEDCO will experience an increase or decrease of revenues (i.e., occupancy of tenants in the incubator facility in the Churchill Technology and Business Park location, rental conference center, and investment tools). JEDCO anticipates a continual increase in operational expenses largely due to the occupancy of JEDCO's administrative building and the ownership of the JEDCO Conference Center. Examples of such increases include insurance, maintenance, utilities, security, and building and janitorial supplies.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the occupational license, charges for services, and donations revenue as well as the cash receipts and collectability of the outstanding notes receivable for JEDCO. Other financial impacts could occur though such potential impact is unknown at this time.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2019

Contacting JEDCO's Financial Management

This financial report is designed to provide taxpayers, customers, and creditors with a general overview of JEDCO's finances and to demonstrate JEDCO's accountability for the money it receives. If you have any questions about this report, or need additional financial information, contact JEDCO at 700 Churchill Parkway Boulevard, Avondale, Louisiana 70094 or call (504) 875-3908 during regular office hours.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government	
	Governmental Activities	Discretely Presented Component Units
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,726,829	\$ 91,691
Investments	3,747,931	-
Accounts receivable	-	-
Notes receivable, net	8,188,607	-
Due from other funds	75,751	-
Due from other governments	81,245	-
Prepaid expenses	56,687	-
Capital assets		
Land and improvements	8,713,804	-
Capital assets, net	11,478,711	-
Total assets	<u>\$ 35,069,565</u>	<u>\$ 91,691</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 126,270	\$ -
Due to other funds	75,751	-
Due to other government	-	77,940
Escrow deposits	-	2,500
Compensated absences payable, non-current	72,858	-
Long-term debt		
Current portion	137,000	-
Non-current portion	1,727,000	-
Total liabilities	<u>2,138,879</u>	<u>80,440</u>
<u>NET POSITION</u>		
Net investment in capital assets	18,328,515	-
Restricted for:		
Economic Development	45,000	-
Jefferson Edge	1,088,181	-
EDA Revolving Loan Fund	1,243,593	-
BRGL/LRCF Fund	6,486,826	-
ILTAP Fund	2,244,327	-
JEDCO Debt Service Fund	-	-
Unrestricted net position	<u>3,494,244</u>	<u>11,251</u>
Total net position	<u>\$ 32,930,686</u>	<u>\$ 11,251</u>

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues				Net Revenue (Expense) and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Discretely Presented Component Units
PRIMARY GOVERNMENT						
Governmental activities:						
Administrative	\$ 1,626,587	\$ 762,156	\$ -	\$ -	\$ (864,431)	\$ -
Economic development services	316,760	5,639	115,000	-	(196,121)	-
Marketing	238,466	-	-	-	(238,466)	-
Financing	290,385	13,086	-	-	(277,299)	-
Business Innovation Center	63,173	-	15,004	-	(48,169)	-
Jefferson Edge	131,498	-	273,221	-	141,723	-
Tech park	227,123	-	-	-	(227,123)	-
Strategic initiatives	132,770	-	-	-	(132,770)	-
Conference center	123,823	-	-	-	(123,823)	-
Building expense	159,159	-	-	-	(159,159)	-
Bad debt expense	235,368	-	-	-	(235,368)	-
Total governmental activities	<u>\$ 3,545,112</u>	<u>\$ 780,881</u>	<u>\$ 403,225</u>	<u>\$ -</u>	<u>(2,361,006)</u>	<u>-</u>
DISCRETELY PRESENTED COMPONENT UNITS						
Forward Jefferson Corporation (FORJ)	\$ 51,639	\$ -	\$ -	\$ -	-	(51,639)
JEDCO Development Corporation (JDC)	169,710	-	-	-	-	(169,710)
Total component units	<u>\$ 221,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,361,006)</u>	<u>(221,349)</u>
<u>GENERAL REVENUES</u>						
Share of Jefferson Parish Occupational Licences					2,111,837	-
Interest and investment earnings					509,689	-
Miscellaneous					22,588	222,571
Total general revenues					<u>2,644,114</u>	<u>222,571</u>
Change in net position					283,108	1,222
Net position- beginning of year					<u>32,647,578</u>	<u>10,029</u>
Net position- end of year					<u>\$ 32,930,686</u>	<u>\$ 11,251</u>

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Jefferson Edge Fund	EDA Revolving Loan Fund	BRGL/LRCF Fund	ILTAP Fund	JEDCO Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>							
Cash and cash equivalents	\$ 552,821	\$ 232,001	\$ 173,218	\$ 1,104,271	\$ 664,518	\$ -	\$ 2,726,829
Investments	2,891,502	856,429	-	-	-	-	3,747,931
Accounts receivable	-	-	-	-	-	-	-
Notes receivable, net	-	-	1,166,783	5,429,402	1,592,422	-	8,188,607
Due from other funds	75,751	-	-	-	-	-	75,751
Due from other governments	81,245	-	-	-	-	-	81,245
Prepaid expenses	54,862	1,825	-	-	-	-	56,687
<u>TOTAL ASSETS</u>	<u>\$ 3,656,181</u>	<u>\$ 1,090,255</u>	<u>\$ 1,340,001</u>	<u>\$ 6,533,673</u>	<u>\$ 2,256,940</u>	<u>\$ -</u>	<u>\$ 14,877,050</u>
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts payable	\$ 44,079	\$ 500	\$ 43,024	\$ 38,667	\$ -	\$ -	\$ 126,270
Due to other funds	-	1,574	53,384	8,180	12,613	-	75,751
<u>TOTAL LIABILITIES</u>	<u>44,079</u>	<u>2,074</u>	<u>96,408</u>	<u>46,847</u>	<u>12,613</u>	<u>-</u>	<u>202,021</u>
<u>FUND BALANCES</u>							
Nonspendable	54,862	1,825	1,103,516	5,928,275	1,895,860	-	8,984,338
Restricted	45,000	1,086,356	140,077	558,551	348,467	-	2,178,451
Assigned	143,652	-	-	-	-	-	143,652
Unassigned	3,368,588	-	-	-	-	-	3,368,588
<u>TOTAL FUND BALANCES</u>	<u>3,612,102</u>	<u>1,088,181</u>	<u>1,243,593</u>	<u>6,486,826</u>	<u>2,244,327</u>	<u>-</u>	<u>14,675,029</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 3,656,181</u>	<u>\$ 1,090,255</u>	<u>\$ 1,340,001</u>	<u>\$ 6,533,673</u>	<u>\$ 2,256,940</u>	<u>\$ -</u>	<u>\$ 14,877,050</u>

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
DECEMBER 31, 2019

Total governmental fund balances \$ 14,675,029

Amounts reported for government activities in the statement of net position are different because:

Capital assets are not reported in the fund financial statements because they are not current financial resources, but they are reported in the government-wide statement of net position

Cost of capital assets	\$ 24,404,050	
Less: Accumulated depreciation	<u>(4,211,535)</u>	20,192,515

Long-term liabilities applicable to JEDCO's governmental activities are not due and payable in the current period and thus are not reported as fund liabilities. Liabilities both current and long-term are reported in the government-wide statement of net position.

Bonds payable	(1,864,000)
---------------	-------------

Compensated absences	<u>(72,858)</u>
----------------------	-----------------

Net position of governmental activities	<u><u>\$ 32,930,686</u></u>
---	-----------------------------

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Jefferson Edge Fund	EDA Revolving Loan Fund	BRGL/LRCF Fund	ILTAP Fund	JEDCO Debt Service Fund	Total Governmental Funds
<u>REVENUES</u>							
Intergovernmental:							
Share of Jefferson Parish Occupational Licenses	\$ 2,111,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,111,837
CEA Revenue	115,000	-	-	-	-	-	115,000
Charges for service	780,881	-	-	-	-	-	780,881
Business Innovation Center	-	-	-	-	-	-	-
Conference Center	15,004	-	-	-	-	-	15,004
Interest and investment earnings	76,806	22,687	53,739	269,675	86,782	-	509,689
Miscellaneous	10,088	-	-	12,500	-	-	22,588
Donations	16,971	256,250	-	-	-	-	273,221
Total Revenues	<u>3,126,587</u>	<u>278,937</u>	<u>53,739</u>	<u>282,175</u>	<u>86,782</u>	<u>-</u>	<u>3,828,220</u>
<u>EXPENDITURES</u>							
Administrative	1,246,759	42,231	89,912	93,035	48,177	-	1,520,114
Economic development services	316,760	-	-	-	-	-	316,760
Marketing	238,466	-	-	-	-	-	238,466
Financing	290,385	-	-	-	-	-	290,385
Business Innovation Center	63,173	-	-	-	-	-	63,173
Jefferson Edge	-	131,498	-	-	-	-	131,498
Tech park	54,317	-	-	-	-	-	54,317
Strategic initiatives	132,770	-	-	-	-	-	132,770
Conference center	34,984	-	-	-	-	-	34,984
Bad debt expense	-	-	26,531	-	208,837	-	235,368
Capital outlay	9,230	-	-	-	-	-	9,230
Debt service	-	-	-	-	-	212,095	212,095
Total Expenditures	<u>2,386,844</u>	<u>173,729</u>	<u>116,443</u>	<u>93,035</u>	<u>257,014</u>	<u>212,095</u>	<u>3,239,160</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>739,743</u>	<u>105,208</u>	<u>(62,704)</u>	<u>189,140</u>	<u>(170,232)</u>	<u>(212,095)</u>	<u>589,060</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers from other funds	2,400	-	-	-	-	212,095	214,495
Transfers to other funds	(212,095)	(2,400)	-	-	-	-	(214,495)
Total Other Financing Sources (Uses)	<u>(209,695)</u>	<u>(2,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,095</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>530,048</u>	<u>102,808</u>	<u>(62,704)</u>	<u>189,140</u>	<u>(170,232)</u>	<u>-</u>	<u>589,060</u>
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>3,082,054</u>	<u>985,373</u>	<u>1,306,297</u>	<u>6,297,686</u>	<u>2,414,559</u>	<u>-</u>	<u>14,085,969</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 3,612,102</u>	<u>\$ 1,088,181</u>	<u>\$ 1,243,593</u>	<u>\$ 6,486,826</u>	<u>\$ 2,244,327</u>	<u>\$ -</u>	<u>\$ 14,675,029</u>

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Amounts reported for governmental activities in the statement of activities are different as follows:

Excess of revenues and other sources over expenditures and other uses per fund financial statements	\$	589,060
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives and reported as depreciation expense in the current period.		
Capital outlay	\$	9,230
Loss on disposal		-
Depreciation expense		<u>(445,278)</u>
		(436,048)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond repayments exceeded proceeds		
		132,000
Changes in compensated absences affect long-term liabilities in the statement of net position, but is not recognized as an expenditure in the governmental funds until paid. This is the amount by which compensated absences changed in the current period.		
		<u>(1,904)</u>
Change in net position of governmental activities	<u>\$</u>	<u>283,108</u>

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

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

History and Organization

The Jefferson Parish Economic Development Commission (JEDCO) is a special district of Jefferson Parish, Louisiana which was created by House Bill No. 908 of the 1987 Regular Session of the Louisiana Legislature. The name under which it was created is Jefferson Parish Economic Development and Port District, but in accordance with its bylaws, it operates under the name Jefferson Parish Economic Development Commission or JEDCO.

Basis of Presentation

The accompanying financial statements of JEDCO have been prepared in conformity with accounting principles generally accepted in the United States of America (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 GASB authoritative guidance is documented in the GASB Codification.

Reporting Entity

The financial reporting entity consists of JEDCO, organizations for which the JEDCO is financially accountable and organizations that raise and hold economic resources for the direct benefit of JEDCO. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of JEDCO. In addition, any legally separate organizations for which JEDCO is financially accountable are considered part of the reporting entity. Financial accountability exists if JEDCO appoints a voting majority of the organization's governing board or if the organization is fiscally dependent, and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on JEDCO.

Based on the application of these criteria, JEDCO was determined to be a component unit of Jefferson Parish, Louisiana, which is the governing body with oversight responsibility. The accompanying basic financial statements present information only on the funds maintained by JEDCO and its discretely presented component units and do not present information on Jefferson Parish, the general government services provided by Jefferson Parish, or the other governmental units that comprise the governmental reporting entity of Jefferson Parish.

Based on the application of these criteria, JEDCO includes its discretely presented component units Forward Jefferson Corporation (a non-profit organization) (FORJ) and JEDCO Development Corporation (a non-profit organization) (JDC) in this report. As defined in GASB authoritative guidance component units are legally separate entities that are included in JEDCO's reporting entity because of the significance of their operating or financial relationships with JEDCO. The purpose of FORJ is to assist in the economic growth and development of business concerns in the Jefferson Parish area. The purpose of JEDCO Development Corporation is to assist in the growth and development of small business concerns in the State of Louisiana pursuant to Section 504 of the Development Company Program of the Small Business Investment Act of 1958, as amended. Separate financial statements for FORJ and JEDCO Development Corporation are not issued.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (based on JEDCO as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statement) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. This government-wide focus is more on the sustainability of JEDCO as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (administrative, economic development, and conference center, etc.) which are otherwise being supported by general government revenues (occupational licenses, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating and capital grants. JEDCO does not allocate indirect costs. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. The program revenues must be directly associated with the function or business-type activity. Program revenues include charges for services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The remaining net expenses (by function or business-type activity) are normally covered by general revenue (occupational licenses and interest income, etc.)

The governmental funds' major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which the funds are normally budgeted. This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how JEDCO's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statement's governmental activities column, a reconciliation is presented on the page following each statement, which explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Basis of Presentation – Governmental Funds

The financial transactions of JEDCO are recorded in individual funds. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows of resources, deferred outflows of resources, fund balance, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation – Governmental Funds (continued)

The measurement focus of the governmental funds (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of JEDCO:

General Fund – The General Fund is the government's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds – the Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. JEDCO reports the following special revenue funds:

The Jefferson Edge Fund is the government's primary fund for the Jefferson Edge Program. This program supports the overall economic development strategic plan for Jefferson Parish. This fund is supported by Jefferson Parish and the private sector through annual or multi-year commitments.

The EDA Revolving Loan Fund accounts for the grants received from the Economic Development Administration.

The BRGL/LRCF Fund accounts for the activity of the Business Recovery Grant and Loan Program as funded by the Department of Housing and Urban Development through the State of Louisiana Office of Economic Development.

The ILTAP Fund accounts for the activity of the Innovation Loan and Technical Assistance Program as funded by the Department of Housing and Urban Development through the State of Louisiana Office of Community Development.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of general long-term debt principal and interest. All debt repayment transactions of JEDCO flow through this fund. The JEDCO Debt Service Fund accounts for the proceeds from the issuance and subsequent debt service of the 2015 Revenue Bonds.

Basis of Presentation – Major Funds

GASB Statement No.34, *Basic Financial Statements—and Management's Discussion and Analysis—For State and Local Governments* sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements and detailed in the combining statements section. JEDCO reports the General Fund, all Special Revenue Funds, and the Debt Service Fund as major funds. JEDCO electively includes as major funds those funds which either had debt outstanding or a specific community focus.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Basis of Accounting – Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Revenues of JEDCO consist principally of charges for services, occupational licenses, and investment income. Non-exchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred. Revenue from occupational licenses is considered measurable and available when received and is recorded as revenue at that time.

Basis of Accounting – Modified Accrual

The modified accrual basis of accounting is used by all governmental fund types. Under 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. JEDCO considers revenues to be available if they are collected within sixty days of the end of the fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Other Financing Sources (Uses)

Other financing sources (uses) consist of transfers between funds that are not expected to be repaid. These other financing sources (uses) are recognized at the time the underlying events occur. When both restricted and unrestricted resources are available for use, it is JEDCO’s policy to use restricted resources first, and then unrestricted resources as needed.

Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year. The level of budgetary control is at the fund level and expenditures may not exceed budgeted appropriations. Appropriations which are not expended lapse at year-end. A budget is adopted for the General Fund, the Jefferson Edge Special Revenue Fund, the EDA Revolving Loan Special Revenue Fund, the BRGL/LRCF Loan Special Revenue Fund, and the ILTAP Special Revenue Fund. A budget is also adopted for the discretely presented component unit, JEDCO Development Corporation.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Budgetary Accounting (continued)

Operating transfers are not included for budget purposes. The adopted budget of expenditures operates as an appropriation for that year. Any unexpended balance of the amount appropriated reverts to the fund balance and becomes available for future appropriation. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as an assignment of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit with an original maturity of 90 days or less. Louisiana State statutes permit JEDCO to invest in direct obligations of the United States Treasury, the principal and interest of which are fully guaranteed by the federal government, bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, direct security repurchase agreements of any federal book entry only securities, and certificates of deposit of state banks organized under the State of Louisiana, and national banks having their principal office in the State of Louisiana, or in mutual or trust fund institutions which have underlying investments limited to securities of the U.S. government or its agencies, and the Louisiana Asset Management Pool (LAMP). Investments for JEDCO are reported at fair value. LAMP, which is an external investment pool administered by a non-profit corporation organized under State of Louisiana law, is reported at net asset value of the pool shares, which is consistent with fair value.

Accounts Receivable

Accounts receivable are recorded in the financial statements and are reflected net of any allowance for doubtful accounts.

Notes Receivable

Notes receivable are recorded in the financial statements and are reflected net of any allowance for doubtful accounts. An allowance for estimated uncollectible receivables is established when collectability of a loan or a specific account becomes doubtful. As of December 31, 2019, management has established an allowance of \$26,531, \$1,859,783, and \$208,837 for estimated uncollectible notes receivable related to loans in the EDA Revolving Loan Fund, the BRGL/LRCF Fund, and the ILTAP Fund, respectively.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Capital Assets and Depreciation

For the government-wide financial statements, capital assets purchased or acquired with an original cost of \$500 or more are recorded at cost in the statement of net position. Donated assets are valued at their estimated fair market value on the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building	40 Years
Infrastructure	25 – 40 Years
Building and Leasehold Improvements	5 – 10 Years
Office Furniture	5 – 7 Years

For fund financial statements, capital acquisitions are reflected as capital outlay expenditures in the governmental funds at the time purchased. GASB authoritative guidance requires JEDCO to report and depreciate new infrastructure assets. Infrastructure assets for JEDCO consist of the roads and sewer work performed for the Churchill Technology and Business Park.

Collection Items

In accordance with GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, works of art owned by JEDCO are not capitalized since the items (1) Are held for public exhibition rather than financial gain, (2) are protected, kept unencumbered, cared for, and maintained, and (3) are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections

Compensated Absences

In the governmental funds, only that portion which is expected to be liquidated from expendable available financial resources is accrued at year-end. The remainder of the accrued liability which is applicable to governmental fund types is reported in the government-wide financial statements. The amount of accumulated annual leave at December 31, 2019 applicable to governmental fund types was \$72,963, none of which met the condition for accrual in the governmental fund types; hence, the entire amount is reported in the government-wide financial statements. In accordance with GASB authoritative guidance, no liability is recorded for accumulated sick pay benefits because such benefits can be used only for sick leave.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Deferred Inflow of Resources

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of resources that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. At December 31, 2019, JEDCO recognized had no deferred inflows of resources.

Fund Balance

JEDCO has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-Spendable Fund Balance – amounts that cannot be spent either because they are in a non-spendable form (such as prepaid expenses) or because they are legally or contractually required to be maintained intact.

Restricted Fund Balance – amounts limited to restrictions by creditors, grantors, laws, and regulations of other governments.

Committed Fund Balance – amounts constrained to specific purposes by a government itself, using its highest level of decision making authority by an ordinance or resolution approved by the Board of Commissioners; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint. JEDCO had no committed fund balance as of December 31, 2019.

Assigned Fund Balance – amount reserved for intended use by those purchase orders or designation of encumbrances which are not already included in restricted or committed fund balances. JEDCO's intent can be expressed by the governing body or by an official or body to which the governmental body delegates the authority such as JEDCO and its management.

Unassigned Fund Balance – the remaining amounts available for appropriation within the General Fund which have not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if the nonspendable amount exceeds amounts restricted, committed, or assigned for those specific purposes.

JEDCO considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, JEDCO would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is displayed as three components:

Net investment in capital assets represents capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Also included in the calculation are related bond premiums and discounts and the deferred outflows or inflows of resources on refunding of bonds.

Restricted net position consists of net position with constraints placed on their use by external groups such as creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position represents the net position available for future operations.

Income Taxes

Both FORJ and JEDCO Development Corporation are exempt from federal income tax as organizations described in Section 501 (c)(3). Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. FORJ and JEDCO Development Corporation believe that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Use of Estimates

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

Recently Adopted Accounting Standards

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement defines debt for purposes of disclosure in notes to the financial statements; clarifies which liabilities governments should include when disclosing information related to debt; and requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The Statement also requires that additional essential information related to debt be disclosed in notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant termination events with finance-related consequences and significant subjective acceleration clauses. The adoption of this Statement had no impact on JEDCO's financial statements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards (continued)

In January 2017, the GASB issued Statement No. 84. The objective of GASB Statement No. 84, Fiduciary Activities, is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The adoption of this Statement had no material impact on JEDCO's financial statements.

In June 2017, the GASB issued Statement No. 87. The objective of GASB Statement No. 87, Leases, is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Management is still evaluating the potential impact of adoption on JEDCO's financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89. The objective of GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, is to establish accounting requirements for interest cost incurred before the end of a construction period. Management is still evaluating the potential impact of adoption on JEDCO's financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

2. Legal Compliance - Budget

Under state law, JEDCO is required to complete and submit a budget for its General and Special Revenue Funds to the governing authority of Jefferson Parish no later than fifteen days prior to the beginning of the fiscal year to which the budget applies. The total proposed expenditures may not exceed the total of estimated funds available at the fund level. Public participation in the budgetary process prior to adoption of the budget is required if the total proposed expenditures are \$500,000 or more. For the year ended December 31, 2019, JEDCO complied with these budget requirements.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. Cash, Cash Equivalents, and Investments

JEDCO's cash, cash equivalents, and investments consist primarily of demand deposits and investments with LAMP.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that JEDCO's cash and certificates of deposit be covered by federal depository insurance or collateral. At December 31, 2019, the carrying amount of JEDCO's deposits was \$2,726,829 as reported in the government-wide statement of net position.

At December 31, 2019, the bank balance of deposits was \$2,754,246, of which \$250,000 was covered by federal deposit insurance and the remaining bank balance was covered by collateral with a fair market value totaling \$3,917,531. Collateral for JEDCO's deposits is held by the financial institutions trust department and are pledged in JEDCO's name for deposits in the financial institution.

Investments

State statutes authorize the government to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper rated AAA 1, 2, or 3; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with Louisiana Revised Statute (L.R.S.) 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

3. Cash, Cash Equivalents, and Investments (continued)

Investments (continued)

- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days.
- **Foreign currency risk:** Not applicable.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the State Treasurer and the Board of Directors. LAMP is not registered with the SEC as an investment company. LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, LA 70130.

4. Notes Receivable

Revolving Loan Funds

JEDCO has notes receivable recorded in the EDA Revolving Loan Fund which are made to various businesses under the terms of the capitalization grant received from the Economic Development Administration. These notes receivable totaled \$1,166,783, net of allowance for doubtful accounts of \$26,531 at December 31, 2019. The notes have various maturity dates between 2022 and 2027 and interest rates between 4.0% and 7.5%.

JEDCO has notes receivable recorded in the BRGL/LRCF Fund which are made to various businesses under the terms of the cooperative endeavor agreement received from the State of Louisiana Office of Economic Development. These notes receivable totaled \$5,429,402, net of allowance for doubtful accounts of \$1,859,783 at December 31, 2019. The notes have various maturity dates between 2020 and 2039 and interest rates between 1.0% and 7.75%.

JEDCO has notes receivable recorded in the ILTAP Fund which are made to various businesses under the terms of the cooperative endeavor agreement received from the State of Louisiana Office of Community Development. These notes receivable totaled \$1,592,422, net of allowance for doubtful accounts of \$208,837 at December 31, 2019. The notes have various maturity dates between 2020 and 2039 and interest rates between 1.0% and 7.75%.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

5. Capital Assets

Capital asset balances and current year activity for the fiscal year ended December 31, 2019, was as follows:

	Balance January 1, 2019	Increases	Decreases	Balance December 31, 2019
Land and improvements	\$ 8,713,804	\$ -	\$ -	\$ 8,713,804
Infrastructure	6,008,525	-	-	6,008,525
JEDCO building	6,196,354	-	-	6,196,354
Building improvements	42,504	-	-	42,504
Conference Center building	2,846,725	-	-	2,846,725
Conference Center				
Furniture and equipment	164,310	-	-	164,310
Office furniture & equipment	422,598	9,230	-	431,828
Total	24,394,820	9,230	-	24,404,050
Less: accumulated depreciation	(3,766,257)	(445,278)	-	(4,211,535)
Total capital assets, net	\$ 20,628,563	\$ (436,048)	\$ -	\$ 20,192,515

Depreciation expense of \$445,278, for the year ended December 31, 2019, is presented on the government-wide statement of activities and charged to governmental functions as follows:

Governmental Activities

Administrative	\$ 24,474
Building Expense	159,159
Conference Center	88,839
Tech Park	172,806
Total depreciation expense	<u>\$ 445,278</u>

6. Long-Term Debt

On December 15, 2015, JEDCO issued \$2,420,000 of revenue bonds to fund the purchase of the administrative building and incubator facility from FORJ, a discretely presented component unit of JEDCO. These funds were deposited into the JEDCO Debt Service Fund. The bonds are secured and payable from all revenues generated by JEDCO. The bonds bear interest at the rate of 4.15% per annum and mature on May 1, 2030. Interest payments are to be paid bi-annually on May 1st and November 1st each year.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

6. Long-Term Debt (continued)

The following is a summary of the changes in long-term debt for the year ended December 31, 2019:

Type of Debt	Balance January 1, 2019	Additions	Reductions	Balance December 31, 2019	Due Within One Year
Revenue Bonds	\$ 1,996,000	\$ -	\$ (132,000)	\$ 1,864,000	\$ 137,000

Principal and interest payments due on long-term debt over the next five years and thereafter are as follows:

Year Ending December 31,	Principal	Interest	Total
2020	\$ 137,000	\$ 74,513	\$ 211,513
2021	143,000	68,703	211,703
2022	149,000	62,644	211,644
2023	155,000	56,336	211,336
2024	161,000	49,799	210,799
2025-2029	913,000	140,580	1,053,580
2030-2031	206,000	4,275	210,275
Total	\$ 1,864,000	\$ 456,850	\$ 2,320,850

7. Compensated Absences Payable

Changes in compensated absences payable for the year ended December 31, 2019, were as follows:

	Balance January 1, 2019	Additions	Payments and Adjustments	Balance December 31, 2019
Compensated Absences	\$ 70,954	\$ 1,904	\$ -	\$ 72,858

The entire balance of compensated absences payable is considered a long-term liability by JEDCO.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs

Durr Heavy Construction

In 2008, the State of Louisiana authorized JEDCO to issue up to \$4.5 million in Variable Rate Taxable Revenue Bonds. The bonds were issued in 2009 in the amount of \$2,866,500 (Durr Heavy Construction Project, L.L.C. Project, Series 2009) for the purpose of financing the acquisition and construction of an office building on behalf of a local company located in Jefferson Parish. The facilities are to be leased by JEDCO to the company pursuant to a lease agreement between JEDCO and the company. JEDCO's obligations under the Series 2009 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the company. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds. The bonds shall be subject to optional redemption prior to maturity, in whole, or in part, and if in part then in inverse order of maturity on an interest payment date, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest to the redemption date, and without any redemption premium. The bonds are subject to mandatory redemption in full at the option of the bondholder on the tenth and fifteenth anniversary of the delivery date and ninety days after any date on which the interest rate on the bonds equals or exceeds 14% per annum. Under the agreement with JEDCO, the company has agreed to the payment of rent in lieu of ad valorem taxes (PILOT Rent) from the effective date of the agreement through and including the 2018 tax year in the amount of \$-0-, except in the event that certain employment target amounts are not met. Beginning in the 2019 tax year and for the remaining term of the PILOT lease, the company must remit to the tax collector a payment equal to the amount of property tax that the company would be subject, if the project were owned by the company and not exempt.

For the 2019 tax year, the company owed a Base PILOT rent payment to the Jefferson Parish Sheriff's Office, as tax collector of Jefferson Parish, totaling \$37,984, and the amount of ad valorem taxes that would have been recognized by Jefferson Parish on the assessed value for 2019 totaled \$37,984. Additionally, as the business resides in the City of Harahan, taxes were due. The company made a PILOT Rent payment to City of Harahan totaling \$11,208. Ad valorem taxes that would have been recognized by the City of Harahan for 2019 totaled \$11,208.

Kenner Discovery Health Sciences Academy

In 2018, JEDCO issued \$43,895,000 million in tax-exempt revenue bonds (Kenner Discovery Health Sciences Academy Project, Series 2018A) and \$915,000 in taxable revenue bonds (Kenner Discovery Health Sciences Academy Project, Series 2018B). The tax-exempt and taxable bonds (together, the Series 2018 Bonds), the proceeds of which JEDCO will loan to Friends of Discovery Health Sciences Foundation, Inc. (the Borrower), were issued for the purposes of (a) financing the acquisition, construction, improvement and equipping of the first phase of the Project (the School Facility); (b) funding deposits to a subaccount of the Debt Service Reserve Fund; (c) funding capitalized interest during construction; (d) refinancing of certain outstanding indebtedness of the Borrower and Discovery Health Sciences Foundation, Inc.; and (e) paying all or a portion of the costs of issuance of the Series 2018 Bonds. The School Facility is to be leased by JEDCO to the Borrower pursuant to a lease agreement between JEDCO and the Borrower.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Kenner Discovery Health Sciences Academy (continued)

JEDCO's obligations under the Series 2018 Bonds are limited. These special obligations are payable solely from the revenues and other amounts derived from the leasing of the facility by JEDCO to the company. The bonds do not constitute debt or pledge of faith and credit of JEDCO and, accordingly, have not been reported in the accompanying financial statements. No other assets are available for payment of the principal or interest on the bonds.

The Series 2018A bonds shall be subject to optional redemption prior to maturity in whole or in part on any date commencing June 15, 2028, of the maturity selected by the Borrower, at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the redemption date. The Series 2018B bonds are not subject to optional redemption.

Bella Ridge Apartments: Phases I and II (aka Bella Ridge South LLC and Cottonwood Creek Apartments, LLC)

On August 1, 2014, JEDCO entered into a Lease Agreement and Agreement to Issue Bonds (the Lease Agreement) with a private company, Cottonwood Creek Apartments, LLC, to issue taxable revenue bonds of up to \$70,000,000. The bonds are for the purpose of financing the acquisition, construction, and equipping of the Bella Ridge Project (the Project), a 528-unit apartment complex (separated into two phases), on behalf of a local company located in Jefferson Parish. As of December 31, 2019, no bonds have been issued for the Project.

During 2015, the company conveyed all of the land and improvements of Phase I and Phase II to JEDCO. As a result of this conveyance, these assets are not subject to ad valorem taxes. However, the Lease Agreement providing for the payment of rent in lieu of ad valorem taxes (PILOT Rent) became effective upon the conveyance. Under the terms of the Lease Agreement, the annual PILOT Rent amount is equal to 50% of what the ad valorem taxes would be on the Project until the savings between these two amounts total \$1,200,000 or the actual cost of the infrastructure improvements, whichever is lesser. PILOT Rent payments are required to be paid to the Jefferson Parish Sheriff's Office (JPSO) as tax collector for Jefferson Parish.

During 2017, JEDCO learned that Bella Ridge South, LLC, rather than Cottonwood Creek Apartments, LLC, desired to finance, construct, and equip Phase II development. Therefore, JEDCO amended the original PILOT agreement with the original lessee and established a separate Lease Agreement with Bella Ridge South, LLC without changing the overall benefits or terms of the original lease.

Based on calculations performed by the Jefferson Parish Assessor's Office, the assessed value of the Project (Phases I and II) was \$3,387,780 for 2019, and the amount of ad valorem taxes that would have been recognized on this assessed value for 2018, totaled \$411,446. The amount of PILOT Rent paid by the companies to JPSO during 2019, totaled \$205,723. Through December 31, 2019, the total savings (the difference between the amount of ad valorem taxes that would have been incurred on the Project and the amount of PILOT Rent) amounted to \$778,258.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Bella Ridge Apartments: Phases I and II (aka Bella Ridge South LLC and Cottonwood Creek Apartments, LLC) (continued)

The companies are also required to pay an annual administrative rental fee of \$5,000 each for the duration of the Lease Agreements. The amount of administrative rental fee revenue recognized by JEDCO during 2019, totaled \$10,000.

Dyno Nobel

On December 1, 2014, JEDCO entered into a Lease Agreement and Agreement to Issue Bonds (the Lease Agreement) with a private company to issue taxable revenue bonds of up to \$850,000,000. The bonds are for the purpose of financing the acquisition, construction, and equipping of the Dyno Nobel Louisiana Ammonia, LLC Project (the Project), an ammonia manufacturing facility, on behalf of a local company located in Jefferson Parish. As of December 31, 2019, no bonds have been issued for the Project.

During 2016, construction of the Project was completed, and the company conveyed all the Project's assets (buildings, machinery, equipment, and personal property associated with the Project) to JEDCO. As a result of this conveyance, the Project's assets are not subject to ad valorem taxes. However, the Lease Agreement providing for the payment of rent in lieu of ad valorem taxes (PILOT Rent) became effective.

Unless extended, the Lease Agreement expires on December 31, 2035. For the effective term of the Lease Agreement and for the duration for which the Project's assets are owned by JEDCO, the Project shall be exempt from ad valorem taxes. In return, the company agrees to make annual PILOT Rent payments commencing on or before December 31, 2016 and continuing through December 31, 2035. PILOT Rent payments are required to be paid to JPSO as tax collector for Jefferson Parish.

The Lease Agreement provides that the minimum PILOT Rent payments as presented in the agreement are to be increased proportionally by an adjustment factor calculated based on the amount by which the Project's aggregate investment amount exceeds \$600,000,000. With the project fully completed and placed in service, in December 2018 JEDCO and Dyno Nobel agreed to a final Aggregate Investment Amount of the project of \$809,605,410, which corresponds to an adjustment factor of 1.35. Therefore, the amount paid to JPSO for the 2018 and 2019 tax years totaled \$1,080,000 each year. This adjustment factor is to be applied to all remaining PILOT Rent payments, resulting in an annual PILOT Rent schedule in accordance with the table below. These final figures have been memorialized in a Memorandum of Completion, which was executed by both parties on January 31, 2019.

Future minimum PILOT Rent payments are as follows:

<u>Year Ending December 31,</u>	<u>Yearly Amount</u>
2020-2022	\$ 1,080,000
2023	1,147,500
2024-2027	1,485,000
2028-2035	1,620,000

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Dyno Nobel (continued)

The future minimum PILOT Rent payments for all years total \$24,367,500.

The Project's assets were assessed by the Jefferson Parish Assessor's Office for the 2019 tax year. The assessed value of the Project as of December 31, 2019, was \$106,559,909. The amount of ad valorem taxes that would have been recognized in 2019 in the absence of the Lease Agreement amounted to \$13,848,526.

The Lease Agreement also provides for Supplemental PILOT Rent for each year in which the Project's full-time payroll does not meet the minimum amounts established within the Lease Agreement. No amount of Supplemental PILOT Rent was required for 2019.

The company is also required to pay an annual administrative rental fee of \$113,600 for the duration of the Lease Agreement. The amount of administrative rental fee revenue recognized by JEDCO during 2019, totaled \$113,600.

OMC West JV, LLC

On December 1, 2018, JEDCO entered into a Lease Agreement and Agreement to Issue Bonds (the Lease Agreement) with OMC West JV, L.L.C. in an aggregate principal amount of up to \$42,100,000 in taxable or tax-exempt Revenue Bonds to finance all or a portion of a 130,000 square foot medical facility building located at 2614 Jefferson Highway. As of December 31, 2019, no bonds have been issued for the Project.

The purpose of the Lease Agreement is to provide for the reimbursement to the company of up to \$6,400,000 to offset the costs of certain public infrastructure improvements, including street, sidewalk, beautification and utility infrastructure improvements, which are to be completed by the company at or around its newly-constructed medical facility building at 2614 Jefferson Highway within 36 months of the effective date of the Lease Agreement (the Expenditure Period). To effectuate the reimbursement, in 2018 the company conveyed the medical facility building at 2614 Jefferson Highway to JEDCO. As a result of this conveyance, this asset is not subject to ad valorem taxes. The building was assessed by the Jefferson Parish Assessor's Office for the 2019 tax year. The assessed value as of December 31, 2019 was \$6,354,830. The amount of ad valorem taxes that would have been recognized in 2019 in the absence of the lease agreement amounted to \$771,794.

The Lease Agreement stipulates an annual administrative rent of \$20,195 beginning February 1, 2020 through and including the first February after the Expenditure Period. The Lease Agreement also stipulates an annual Base PILOT Rent in lieu of taxes in the amount of \$1 to be made payable to JEDCO beginning December 31, 2018 and continuing until December 31, 2027. JEDCO did not recognize the \$1 Base PILOT Rent for the 2018 tax year by December 31, 2018. However, the company remitted the combined base PILOT rent for all years of the term to JEDCO in 2019 for a total of \$10.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

US Foods, Inc.

On January 1, 2019, JEDCO entered into a Lease Agreement and Agreement to Issue up to \$51,900,000 in Taxable Revenue Bonds with a favorable payment in lieu of tax arrangement with a private company, US Foods, Inc. The bonds are for the purpose of the acquisition and construction of a new food warehouse and distribution facility to be located at 7251 River Road in Marrero, Louisiana, including related equipment and information technology costs (US Foods, Inc., Project). As of December 31, 2019, no bonds have been issued for the Project.

In January of 2019, the company conveyed three parcels of land upon which the Project will be built, along with all improvements to JEDCO. As a result of this conveyance, these assets are not subject to ad valorem taxes. However, in accordance with the Lease Agreement, the company must remit Annual PILOT Rent in the amount of \$79,064 each year of the Lease Agreement's seven-year term (i.e. commencing no later than December 31, 2019 and continuing each year through December 31, 2025) or until the cumulative savings realized by the company totals \$2,300,000. PILOT Rent payments are required to be paid to the Jefferson Parish Sheriff's Office as tax collector for Jefferson Parish.

Based on calculations performed by the Jefferson Parish Assessor's Office, the assessed value of the Project was \$780,310 for 2019, and the amount of ad valorem taxes that would have been recognized on this assessed value for 2019 totaled \$101,409. Therefore, through December 31, 2019, the total savings (the difference between the amount of ad valorem taxes that would have been incurred on the Project and the amount of PILOT Rent) amounted to \$22,345.

The Lease Agreement also provides for Targeted Employment Clawback Rent for each year in which either the Project's full-time employment or full-time payroll does not meet the minimum amounts established within the Lease Agreement, with the first report due to JEDCO on February 1, 2020. The Targeted Employment Claw Back Rent is remitted to JEDCO and used by JEDCO solely for economic development and to support programs aimed at developing employment opportunities in the Parish. The amount of closing fee revenue recognized by JEDCO in 2019 totaled \$24,510. The Company is also required to pay an annual administrative rental fee of \$32,680 beginning in 2020 through 2022, and \$24,510 in 2023 and thereafter.

Avondale Marine LLC

On July 1, 2019, JEDCO entered into a Lease Agreement and Agreement to Issue up to \$150,000,000 in Taxable and/or Tax-Exempt Revenue Bonds with a favorable payment in lieu of tax arrangement with a private company, Avondale Marine LLC. The bonds are for the purpose of renovating and rehabilitating a 254-acre site on the west bank of the Mississippi River at 5100 River Road in Avondale, Louisiana, being the former site of Avondale Shipyards, and putting that site back into commerce as a mixed-use industrial and commercial property that generates employment and economic activity in Jefferson Parish. As of December 31, 2019, no bonds have been issued for the Project.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Avondale Marine LLC (continued)

In July of 2019, the company conveyed the immovable property on the site consisting of existing buildings and permanent cranes to JEDCO. As a result of this conveyance, these assets are not subject to ad valorem taxes. However, in accordance with the Lease Agreement, the company must remit a Base PILOT Payment to the Jefferson Parish Sheriff's Office, as tax collector of Jefferson Parish, each year beginning in 2019 and continuing each year of the 20-year Lease term with a final payment due in 2038, in the amount specified in the below table:

Year Ending December 31,	Base PILOT Payment (\$)
2019-2023	100,000
2024	125,000
2025	150,000
2026	175,000
2027	200,000
2028	225,000
2029	250,000
2030	275,000
2031	300,000
2032	325,000
2033	350,000
2034	375,000
2035	400,000
2036	425,000
2037	450,000
2038	475,000

The original conveyance associated with the PILOT Lease was executed after the Assessor's tax rolls were closed for 2019 and the Company received a tax bill in December 2019 on the full amount owed on all buildings on the site for the entire 2019 year. The Jefferson Parish Assessor's Office then submitted a change order to the Louisiana Tax Commission to reflect the change in ownership of the buildings that were conveyed to JEDCO under the PILOT Lease. As a result, the company will receive a refund up to the prorated amount owed on the buildings that were conveyed to JEDCO. The prorated amount reflects the assessment of the buildings for the duration of the 2019 year that the Company owned the buildings (i.e. from 1/1/19 thru 7/31/19) - that amount equals \$288,946. Since the Company was required to pay prorated property tax above the amount of the 2019 PILOT Rent of \$100,000, it requested a waiver of the 2019 PILOT Rent requirement to which the JEDCO Executive Committee approved on January 30, 2020.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Avondale Marine LLC (continued)

Based on calculations performed by the Jefferson Parish Assessor's Office, the 2019 assessed value of the buildings conveyed to JEDCO for the exempt period of the tax year totaled \$1,590,154. The amount of ad valorem taxes that would have been recognized on this assessed value totaled \$206,386. With approval by the JEDCO Executive Committee, the amount of PILOT Rent paid by the company to JPSO in 2019 totaled \$0.

The cranes that were conveyed to JEDCO had not previously been on the parish property tax rolls because they were owned by a public entity prior to being conveyed to Avondale Marine, and were, therefore, tax-exempt. Furthermore, since the company did not report the cranes on a separate LAT 5 form to the Assessor's Office, as is required with personal property/equipment, they were not assessed by the Assessor's Office. The company is working with the Assessor's Office to provide the Assessor with the information needed on the cranes so that an assessed valuation can be generated.

The Lease Agreement also provides for targeted employment claw-back rent for each year in which the Project's full-time employment does not meet the annual targeted amount as stipulated in the agreement. The Targeted Employment Claw-back Rent is remitted to JEDCO and used by JEDCO solely for economic development and to support programs aimed at developing employment opportunities in the Parish. No amount of targeted employment claw-back rent was required for 2019. The amount of closing fee revenue recognized by JEDCO in 2019 totaled \$58,750. The company is also required to pay an annual administrative rental fee of \$58,750 to JEDCO each year beginning in 2020 through the duration of the Lease. Therefore, JEDCO did not collect administrative rent in 2019.

Laitram, L.L.C.

On August 1, 2019, JEDCO entered into a Lease Agreement and Agreement to Issue up to \$250,000,000 in Taxable and/or Tax-Exempt Revenue Bonds with a favorable payment in lieu of tax arrangement with a private company, Laitram, L.L.C. The bonds are for the purpose of acquiring and installing capital expenditures and improvements made on or after January 1, 2018 and on or before December 31, 2023, at the company's manufacturing facilities in Jefferson Parish, including related equipment and IT costs (Laitram, L.L.C. Project).

In accordance with the Lease Agreement, the total amount of capital expenditures and improvements allowed into the Lease Agreement equals \$250,000,000 and the company is allowed to include the expenditures into the Lease Agreement through year 2023. In August 2019, the company conveyed to JEDCO \$20,598,772 in improvements it made to its Jefferson Parish facilities in 2018. In December 2019 through the First Supplemental Act of Conveyance, as amended through a Ratification of an Amendment to First Supplemental Act of Conveyance in January 2020, the company conveyed \$37,728,252 in assets to JEDCO that it installed and placed in service from January 1, 2019 through December 31, 2019.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

8. Conduit Debt (Not Included in the Financial Statements) and PILOT Programs (continued)

Laitram, L.L.C. (continued)

As a result of these conveyances to JEDCO, these assets are not subject to ad valorem taxes. However, in accordance with the Lease Agreement, the company must remit annually commencing by December 31, 2019 and continuing each year through December 31, 2033 a Base PILOT Payment to the JPSO, as tax collector of Jefferson Parish, equal to 20% of the ad valorem taxes that would have been paid by the company on the Project for each tax year.

However, as the original conveyance of 2018 assets was executed after the Assessor's tax rolls were closed for 2019, the Company stood to receive a tax bill in 2019 in the full amount of taxes owed on the 2018 assets. Anticipating a late-year Lease closing and conveyance, the company applied for a partial tax exemption under the Industrial Tax Exemption Program (ITEP) on their assets placed in service in 2018. ITEP is a statutory incentive that is available to manufacturers in the state of Louisiana for improvements made to their manufacturing facilities. An ITEP application made by a manufacturer requires approval by the local tax levying entities including the Parish Sheriff, the Parish Council and the Parish School Board, and by the state's Board of Commerce and Industry. All required approvals were issued on Laitram's ITEP applications, and a contract for tax exemption was executed by the state with the company during the 2019 year. Therefore, in 2019, no PILOT rent was due since the company, instead, took advantage of ITEP on the 2018 assets for the exemption. The Lease Agreement provided no tax savings to the company in 2019.

The Lease Agreement also provides for targeted employment and payroll claw back rent for each year in which the project's full-time employment or full-time payroll does not meet the annual targeted amount as stipulated in the agreement. The targeted employment and payroll claw back rent is remitted to JEDCO and used by JEDCO solely for economic development and to support programs aimed at developing employment opportunities in the Parish. No amount of targeted employment claw back rent was required for 2019.

The amount of closing fee revenue recognized by JEDCO in 2019 totaled \$83,750. The company is also required to pay an annual administrative rental fee to JEDCO in an amount calculated using JEDCO's fee policy, which is incorporated as Exhibit D to the Lease Agreement, beginning in 2020 through the duration of the lease. Therefore, JEDCO did not collect administrative rent in 2019.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

9. Interfund Transactions

Interfund transactions consist of interfund receivables/payables and transfers. Interfund receivables/payables at December 31, 2019, are as follows:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 75,751	\$ -
Jefferson Edge Fund	-	1,574
EDA Revolving Loan Fund	-	53,384
BRGL/LRCF Fund	-	8,180
ILTAP Fund	-	12,613
Total All Funds	<u>\$ 75,751</u>	<u>\$ 75,751</u>

Interfund transfers occurring during the fiscal year ended December 31, 2019, are as follows:

	Transfers from Other Funds	Transfers to Other Funds
General Fund	\$ -	\$ 212,095
JEDCO Debt Service Fund	212,095	-
Total All Funds	<u>\$ 212,095</u>	<u>\$ 212,095</u>

10. Employment Agreement

Effective January 1, 2017, JEDCO renewed its employment agreement with its chief executive officer. The agreement is for thirty-six months and covers, among other matters, compensation, benefits, and termination. The agreement was renewed effective January 1, 2020 for a 36-month term.

11. Escrow Deposits

JEDCO assists local businesses in obtaining loans from the Small Business Administration. The discretely presented component unit, JEDCO Development Corporation collects an application fee at the beginning of the loan process. These application fees are held in an account until the loan process is completed. All application fees are returned to the applicant even if the loan is not obtained. Escrow deposits totaled \$2,500, at December 31, 2019.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

12. Contributed Services

The twenty-one members of the Board of Commissioners of JEDCO and members of the Board's various advisory committees serve without compensation. The value of these contributed services is not included in JEDCO's financial statements.

13. Pension Plan

JEDCO has elected to opt out of participation in the federal Social Security program. The 6.2% match that JEDCO would have contributed to the Social Security program is placed in a simplified employee pension (SEP) plan for each full-time employee. Eligible employees are required to establish SEP individual retirement accounts to which JEDCO's contributions are made. JEDCO's employees are subject only to Medicare portion of Social Security taxes. The amount contributed by JEDCO is 6.2% of the employee's total compensation. JEDCO's total contribution under this plan for 2019 was \$80,322 based on a covered payroll of \$1,295,509. JEDCO's total current-year payroll for all employees was \$1,273,549.

JEDCO also participates in a company/internal retirement plan in which all full-time employees are eligible to participate. Under the terms of the plan, JEDCO contributes 6% of the employee's annual salary. Eligible employees are required to establish retirement accounts to which JEDCO's contributions are made. JEDCO's total contribution under this plan for 2019 was \$78,705 based on covered payroll of \$1,273,549.

14. Intentions to Give

JEDCO has an agreement outstanding with a donor that has loaned pieces of framed artwork to JEDCO. This artwork is on a long-term loan to JEDCO with the intent to donate the artwork to JEDCO in future years. No amount has been recorded in the financial statements relating to this artwork as the agreement represents the donor's intent and is not legally enforceable.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued May 22, 2020, and determined the following item requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in the local area and around the world. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to impact the occupational license, charges for services, and donations revenue as well as the cash receipts and collectability of the outstanding notes receivable for JEDCO. Other financial impacts could occur though such potential impact is unknown at this time.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
<u>REVENUES</u>				
Intergovernmental				
Share of Jefferson Parish				
occupational licenses	\$ 2,111,837	\$ 2,111,837	\$ 2,111,837	\$ -
CEA revenue	25,000	115,000	115,000	-
Charges for services	484,000	785,450	780,881	(4,569)
Business Innovation Center revenue	18,000	-	-	-
Conference Center revenue	21,000	13,700	15,004	1,304
Interest and investment earnings	11,000	70,000	76,806	6,806
Miscellaneous	510,714	-	10,088	10,088
Donations	-	-	16,971	16,971
Total	<u>3,181,551</u>	<u>3,095,987</u>	<u>3,126,587</u>	<u>30,600</u>
<u>EXPENDITURES</u>				
Administrative	1,322,835	1,331,235	1,246,759	84,476
Economic development services	341,700	330,700	316,760	13,940
Marketing	214,050	247,200	238,466	8,734
Financing	286,700	299,600	290,385	9,215
Business Innovation Center	66,000	62,800	63,173	(373)
Tech park	97,900	56,800	54,317	2,483
Strategic initiatives	141,850	138,450	132,770	5,680
Conference center	67,410	43,050	34,984	8,066
Capital outlay	-	-	9,230	(9,230)
Total expenditures	<u>2,538,445</u>	<u>2,509,835</u>	<u>2,386,844</u>	<u>122,991</u>
Excess of revenues over expenditures	643,106	586,152	739,743	153,591
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	2,400	2,400
Operating transfers out	<u>(212,095)</u>	<u>(212,095)</u>	<u>(212,095)</u>	-
Total other financing sources (uses)	<u>(212,095)</u>	<u>(212,095)</u>	<u>(209,695)</u>	<u>2,400</u>
<u>NET CHANGE IN FUND BALANCE</u>	431,011	374,057	530,048	155,991
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>2,534,391</u>	<u>3,082,054</u>	<u>3,082,054</u>	-
<u>FUND BALANCES, END OF YEAR</u>	\$ 2,965,402	\$ 3,456,111	\$ 3,612,102	\$ 155,991

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - JEFFERSON EDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Interest and investment earnings	\$ 4,000	\$ 20,000	\$ 22,687	\$ 2,687
Donations	250,000	250,000	256,250	6,250
Total	254,000	270,000	278,937	8,937
<u>EXPENDITURES</u>				
Marketing	35,000	55,000	71,153	(16,153)
Technology Development	110,000	98,600	60,345	38,255
Administrative	59,200	53,550	42,231	11,319
Total expenditures	204,200	207,150	173,729	33,421
Excess of revenues over expenditures	49,800	62,850	105,208	42,358
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(2,400)	(2,400)
Total other financing sources (uses)	-	-	(2,400)	(2,400)
<u>NET CHANGE IN FUND BALANCE</u>	49,800	62,850	102,808	39,958
<u>FUND BALANCES, BEGINNING OF YEAR</u>	948,486	985,373	985,373	-
<u>FUND BALANCES, END OF YEAR</u>	\$ 998,286	\$ 1,048,223	\$ 1,088,181	\$ 39,958

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - EDA REVOLVING LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Interest and investment earnings	\$ 45,100	\$ 51,000	\$ 53,739	\$ 2,739
Total	45,100	51,000	53,739	2,739
<u>EXPENDITURES</u>				
Administrative	50,000	50,000	89,912	(39,912)
Bad debt expense	-	26,531	26,531	-
Total expenditures	50,000	76,531	116,443	(39,912)
Excess (deficiency) of revenues over (under) expenditures	(4,900)	(25,531)	(62,704)	(37,173)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<u>NET CHANGE IN FUND BALANCE</u>	(4,900)	(25,531)	(62,704)	(37,173)
<u>FUND BALANCES, BEGINNING OF YEAR</u>	1,359,325	1,306,297	1,306,297	-
<u>FUND BALANCES, END OF YEAR</u>	\$ 1,354,425	\$ 1,280,766	\$ 1,243,593	\$ (37,173)

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BRGL/LRCF FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Interest and investment earnings	\$ 205,500	\$ 263,000	\$ 269,675	\$ 6,675
Miscellaneous	-	-	12,500	12,500
Total	<u>205,500</u>	<u>263,000</u>	<u>282,175</u>	<u>19,175</u>
<u>EXPENDITURES</u>				
Administrative	100,000	100,000	93,035	6,965
Bad debt expense	<u>1,872,789</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,972,789</u>	<u>100,000</u>	<u>93,035</u>	<u>6,965</u>
Excess (deficiency) of revenues over (under) expenditures	(1,767,289)	163,000	189,140	26,140
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	(1,767,289)	163,000	189,140	26,140
<u>FUND BALANCES, BEGINNING OF YEAR</u>	<u>8,203,365</u>	<u>6,297,686</u>	<u>6,297,686</u>	<u>-</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 6,436,076</u>	<u>\$ 6,460,686</u>	<u>\$ 6,486,826</u>	<u>\$ 26,140</u>

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - ILTAP FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<u>REVENUES</u>				
Interest and investment earnings	\$ 48,450	\$ 83,000	\$ 86,782	\$ 3,782
Total	48,450	83,000	86,782	3,782
<u>EXPENDITURES</u>				
Administrative	40,000	50,000	48,177	1,823
Bad debt expense	-	208,837	208,837	-
Total expenditures	40,000	258,837	257,014	1,823
Excess (deficiency) of revenues over (under) expenditures	8,450	(175,837)	(170,232)	5,605
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<u>NET CHANGE IN FUND BALANCE</u>	8,450	(175,837)	(170,232)	5,605
<u>FUND BALANCES, BEGINNING OF YEAR</u>	2,393,865	2,414,559	2,414,559	-
<u>FUND BALANCES, END OF YEAR</u>	\$ 2,402,315	\$ 2,238,722	\$ 2,244,327	\$ 5,605

ADDITIONAL SUPPLEMENTARY INFORMATION

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF FINANCIAL POSITION
JEDCO DEVELOPMENT CORPORATION
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	\$ 81,508
Total assets	<u>\$ 81,508</u>

LIABILITIES

Due to other government	\$ 77,940
Escrow deposits	<u>2,500</u>
Total liabilities	<u>80,440</u>

NETASSETS

Unrestricted	<u>1,068</u>
Total net position	<u>\$ 1,068</u>

See independent auditors' report

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
JEDCO DEVELOPMENT CORPORATION
FOR THE YEAR ENDED DECEMBER 31, 2019

REVENUES

Fee payments	\$ 170,777
Analysis fee income	-
Total revenues	<u>170,777</u>

EXPENSES

Administrative	169,710
Total expenses	<u>169,710</u>

CHANGE IN NET ASSETS

1,067

NET ASSETS, BEGINNING OF YEAR

1

NET ASSETS, END OF YEAR

\$ 1,068

See independent auditors' report

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2019

AGENCY HEAD: Jerry Bologna, President & CEO

Purpose	Amount
Salary	\$ 203,533
Benefits - Insurance	37,256
Benefits - Retirement	12,212
Other Benefits	25,872
Car Allowance	9,000
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	-
Travel	70
Registration Fees	-
Conference Travel	6,986
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	69
Memberships and Dues	600
Site Selectors and Business Development	475
	<u>\$ 296,073</u>

See independent auditors' report

SINGLE AUDIT SECTION



**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**

Board of Commissioners
Jefferson Parish Economic Development Commission
Avondale, 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, the aggregately discretely presented component units, each major fund, and the aggregate remaining fund information of Jefferson Parish Economic Development Commission (JEDCO) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise JEDCO's basic financial statements, and have issued our report thereon dated May 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered JEDCO'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 JEDCO's internal control. Accordingly, we do not express an opinion on the effectiveness of JEDCO's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that have not been 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 JEDCO'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-01

JEDCO's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Richard CPAS

Metairie, Louisiana
May 22, 2020



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Board of Commissioners
Jefferson Parish Economic Development Commission
Avondale, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Jefferson Parish Economic Development Commission's (JEDCO), a component unit of Jefferson Parish, Louisiana, compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of JEDCO's major federal programs for the year ended December 31, 2019. JEDCO's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of JEDCO's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about JEDCO's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of JEDCO's compliance.

Opinion on Each Major Federal Program

In our opinion, JEDCO complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control Over Compliance

Management of JEDCO is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered JEDCO's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of JEDCO's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet Important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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.

Richard CPAS

Metairie, Louisiana
May 22, 2020

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Loans Disbursed</u>	<u>Federal Expenditures</u>
U.S.Department of Housing and Urban Development:					
Passed through Jefferson Parish:					
Community Development Block Grant Loans		14.228	72-0850276	\$ 1,139,779	\$ 1,489,828
U.S.Department of Commerce:					
Direct Program					
Special Economic Development and Domestic Assistance					
Program Long-Term Economic Deterioration (LTED)					
Revolving Loans		11.307	08-39-02686	383,559	473,655
		Total		\$ 1,523,338	\$ 1,963,483

See independent auditors' report and notes to the schedule of expenditures of federal awards.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2019

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when JEDCO has met the qualifications for the respective grants.

2. Description of Grants

Department of Housing and Urban Development (HUD) – Community Development Block Grant Loan Fund

HUD through Jefferson Parish provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest, and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

Community Development Block Grants Passed through the Parish of Jefferson

Community Development Block Grants (CDBG) passed through the Parish of Jefferson consist of two components: 1) Business Recovery Grant and Loan Program (BRGL)/Louisiana Recovery Capital Fund (LRCF) and 2) Innovation Loan and Technical Assistance Program (ILTAP). Descriptions of these two components follow:

Business Recovery Grant and Loan (BRGL)/Louisiana Recovery Capital Fund (LRCF) – The State of Louisiana Office of Economic Development provides U.S. Department of Housing and Urban Development CDBG funds to JEDCO for grants and loans issued to businesses located in the parishes impacted by Hurricane Katrina. The BRGL program was transferred to the LRCF program in 2009. The Louisiana Recovery Capital Fund accounts for the reimbursement for the Business Recovery Grant and Loan Program Phase II funds through the State of Louisiana Office of Economic Development.

Innovation Loan and Technical Assistance Program (ILTAP) – The State of Louisiana Office of Community Development provides U.S. Department of Housing and Urban Development CDBG funds to JEDCO for grants and loans issued to businesses to provide low cost loans and/or technical assistance to small businesses impacted by Hurricane Katrina and Rita.

Special Economic Development and Domestic Assistance Programs Long-Term Economic Deterioration (LTED) Revolving Loan Fund

The Economic Development Administration (EDA) provides JEDCO with funds for loan pools which finance business development activities consistent with local economic development strategies. Loan repayments, interest, and other related income create a revolving source of capital to stimulate economic activity and provide financing to businesses when private credit is unavailable.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2019

3. Outstanding Loans

The value of loans outstanding, net of allowance for doubtful accounts, is as follows as of December 31, 2019:

BRGL/LRCF Loan Fund	\$ 5,429,402
ILTAP Loan Fund	1,592,422
EDA Revolving Loan	<u>1,166,783</u>
Total	<u>\$ 8,188,607</u>

4. Indirect Cost Rate

JEDCO has elected not to use the 10% de minimis indirect cost rate as provided for in section 200.413 of the Uniform Guidance.

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2019

1. Summary of Independent Auditors' Results

Financial Statements

- (a) The type of report issued on the basic financial statements: **Unmodified**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **None reported**
- Significant deficiency(ies) identified: **None reported**
- (c) Noncompliance which is material to the basic financial statements: **None reported**

Federal Awards

- (d) Internal control over major programs:
- Material weakness(es) identified: **None reported**
- Significant deficiency(ies) identified: **None reported**
- (e) Type of auditors' report issued on compliance for major programs: **Unmodified**
- (f) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a): **No**
- (g) Identification of major programs:
- | <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 14.228 | Community Development Block Grant Loans |
- (h) Dollar threshold to distinguish between Type A and Type B programs: **\$750,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2019

2. Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards*

2019-01 Failure to Amend Budget for Special Revenue Fund

Criteria: Louisiana Revised Statute 39.1311 requires governments to amend their budgets when revenues are falling short of the budget and when expenditures are exceeding the budget by more than 5%.

Condition: For the year ended December 31, 2019, the actual expenditures of the EDA Revolving Loan Fund of \$116,443 exceeded the budgeted expenditures of \$76,531, resulting in an unfavorable variance that exceeded 5%.

Cause: The EDA Revolving Loan Fund final amended 2019 budget did not include sufficient expenses to comply with the above cited criteria.

Effect: JEDCO is not in compliance with Louisiana Revised Statute 39:1311 for the year ended December 31, 2019.

Recommendation: JEDCO should ensure budget amendments are adopted during the year whenever actual expenditures and other uses exceed budgeted expenditures and other uses by more than 5%.

Management's response: Unpredicted year-end expenses related to direct costs can cause budget shortfalls. Management will pursue every effort to forecast those costs and include them in the final amended budget.

3. Findings and questioned costs for federal awards

None

JEFFERSON PARISH ECONOMIC DEVELOPMENT COMMISSION

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2019

2. **Findings relating to the basic financial statements reported in accordance with *Government Auditing Standards***

None

3. **Findings and questioned costs for federal awards**

None