

Terrebonne Economic Development Authority
Houma, Louisiana

Annual Financial Report
As of and for the
Year Ended December 31, 2020

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Annual Financial Report
 As of and for the Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority, as of December 31, 2020, 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 on pages 4 through 7 and the Budgetary Comparison Schedule on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Terrebonne Economic Development Authority's basic financial statements, and its aggregate discretely presented component unit's financial statements. The Schedule of Compensation, Benefits and Other Payments to the Authority Head on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Compensation, Benefits and Other Payments to the Authority Head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits and Other Payments to the Authority Head is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2021, on our consideration of the Terrebonne Economic Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Martin and Pelgrin".

Houma, Louisiana
April 7, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2020

As management of the Terrebonne Economic Development Authority (TEDA), we offer readers of TEDA's financial statements this narrative overview and analysis of the financial activities of TEDA for the year ended December 31, 2020.

FINANCIAL HIGHLIGHTS

- TEDA's assets exceeded its liabilities by \$57,221 (net position) as of December 31, 2020.
- Expenditures exceeded revenues by \$19,779 during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Terrebonne Economic Development Authority basic financial statements. TEDA's basic financial statements consist of the following:

Statement of Net Position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they were currently available or not.

Statement of Activities. Consistent with the full accrual basis method of accounting, this statement accounts for current year additions and deductions regardless of when cash is received or paid.

Balance Sheet – Governmental Fund. This statement presents TEDA's assets, liabilities, and fund balance for its general fund only.

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund. Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.

Notes to Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Management's Discussion and Analysis
 December 31, 2020

BASIC FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of an entity's financial position. TEDA's net position was \$57,221 at December 31, 2020. The largest portion of TEDA's total assets is cash (92%).

TEDA's Net Position

| | December 31, | |
|----------------------------------|---------------------|-------------|
| | 2020 | 2019 |
| ASSETS | | |
| Cash | \$ 64,337 | \$ 75,884 |
| Prepaid insurance | 3,178 | 2,908 |
| Capital assets | 31,663 | 31,663 |
| Accumulated depreciation | (29,472) | (27,739) |
| Total assets | 69,706 | 82,716 |
| LIABILITIES | | |
| Accounts payable | 2,456 | 4,875 |
| Payroll liabilities | 10,029 | 841 |
| Total liabilities | 12,485 | 5,716 |
| NET POSITION | | |
| Net investment in capital assets | 2,191 | 3,924 |
| Unrestricted | 55,030 | 73,076 |
| Total net position | \$ 57,221 | \$ 77,000 |

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Management's Discussion and Analysis
December 31, 2020

During the year, TEDA's net position decreased by \$19,779. The elements of the decrease are as follows:

TEDA's Changes in Net Position

| | For the Year Ended | |
|--------------------------------------|---------------------------|--------------------|
| | December 31, | |
| | 2020 | 2019 |
| REVENUES | | |
| Intergovernmental | \$ 372,500 | \$ 372,500 |
| Miscellaneous revenue | 1,745 | - |
| Total revenues | 374,245 | 372,500 |
| EXPENDITURES | | |
| Economic development and assistance: | | |
| Personal services | 349,625 | 341,386 |
| Other services and charges | 32,693 | 94,159 |
| Supplies and materials | 9,973 | 6,131 |
| Depreciation | 1,733 | 1,713 |
| Total operating expense | 394,024 | 443,389 |
| CHANGE IN NET POSITION | \$ (19,779) | \$ (70,889) |

As indicated above, net position decreased by \$19,779. The improvement in the change in net position as compared to the prior year is primarily due to the decrease in other services and charges.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Management's Discussion and Analysis
 December 31, 2020

CAPITAL ASSETS

As of December 31, 2020, TEDA had \$2,191 invested in capital assets.

| | 2020 | 2019 |
|-------------------------------|-------------|-------------|
| Capital assets | \$ 31,663 | \$ 31,663 |
| Less accumulated depreciation | (29,472) | (27,739) |
| | \$ 2,191 | \$ 3,924 |

Depreciation expense for the year is \$1,733.

BUDGET

TEDA amended its budget once during the fiscal year. The budget for revenues was \$372,500, and the budget for expenditures was \$391,500.

The Authority's actual revenues exceeded its budgeted revenues by \$1,745, a favorable variance of 0.46%. The Authority's actual expenditures were more than budgeted expenditures by \$791, an unfavorable variance of 0.20%.

COMPONENT UNIT

TEDA has one component unit. Terrebonne Economic Development Foundation (TEDFO) is a legally separate, nonprofit organization that reports under FASB standards. TEDFO acts primarily to assist in the efforts of economic development projects.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Terrebonne Economic Development Authority finances for all those with such an interest. Call the TEDA office (985-873-6890) and ask for Matthew Rookard, CEO, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

FINANCIAL STATEMENTS

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Statement of Net Position
December 31, 2020

| | Government Activities | Component Unit TEDFO |
|---|----------------------------------|---------------------------------|
| Assets | | |
| Cash | \$ 64,337 | \$ 43,867 |
| Note receivable | - | 10,415 |
| Interest receivable | - | 1,842 |
| Prepaid insurance | 3,178 | - |
| Total Current Assets | 67,515 | 56,124 |
| Capital assets | 31,663 | 55,000 |
| Accumulated depreciation | (29,472) | - |
| Note receivable | - | 24,872 |
| Total Non-Current Assets | 2,191 | 79,872 |
| Total Assets | \$ 69,706 | \$ 135,996 |
| Liabilities | | |
| Accounts payable | \$ 2,456 | \$ - |
| Payroll liabilities | 10,029 | - |
| Total Liabilities | 12,485 | - |
| Net Position | | |
| Net investment in capital assets | 2,191 | 55,000 |
| Restricted for subgrantees | - | 14,471 |
| Unrestricted | 55,030 | 66,525 |
| Total Net Position | 57,221 | 135,996 |
| Total Liabilities and Net Position | \$ 69,706 | \$ 135,996 |

See accompanying notes.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Statement of Activities
 For the Year Ended December 31, 2020

| | Government Activities | Component Unit TEDFO |
|--------------------------------------|----------------------------------|---------------------------------|
| Revenues | | |
| Intergovernmental | \$ 372,500 | \$ - |
| Grant revenue | - | 500,000 |
| Miscellaneous revenue | 1,745 | 1,842 |
| Total Revenues | 374,245 | 501,842 |
| Expenditures | | |
| Economic development and assistance: | | |
| Personnel services | 349,625 | - |
| Payments to subrecipients | - | 485,529 |
| Other services and charges | 32,693 | 2,591 |
| Supplies and materials | 9,973 | 542 |
| Depreciation | 1,733 | - |
| Total Expenditures | 394,024 | 488,662 |
| Change in Net Position | (19,779) | 13,180 |
| Net Position, Beginning | 77,000 | 122,816 |
| Net Position, Ending | \$ 57,221 | \$ 135,996 |

See accompanying notes.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Balance Sheet – Governmental Fund
 December 31, 2020

| | General Fund |
|---|-------------------------|
| Assets | |
| Cash | \$ 64,337 |
| Prepaid insurance | 3,178 |
| Total Assets | \$ 67,515 |
| Liabilities | |
| Accounts payable | \$ 2,456 |
| Payroll liabilities | 10,029 |
| Total Liabilities | 12,485 |
| Fund Balance | |
| Nonspendable | 3,178 |
| Unassigned | 51,852 |
| Total Fund Balance | 55,030 |
| Total Liabilities and Fund Balance | \$ 67,515 |

See accompanying notes.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Statement of Revenues, Expenditures and
 Changes in Fund Balances – Governmental Fund
 For the Year Ended December 31, 2020

| | General Fund |
|--------------------------------------|-------------------------|
| Revenues | |
| Intergovernmental | \$ 372,500 |
| Miscellaneous revenue | 1,745 |
| Total Revenues | 374,245 |
| Expenditures | |
| Economic development and assistance: | |
| Personnel services | 349,625 |
| Other services and charges | 32,693 |
| Supplies and materials | 9,973 |
| Total Expenditures | 392,291 |
| Change in Fund Balance | (18,046) |
| Fund Balance, Beginning | 73,076 |
| Fund Balance, Ending | \$ 55,030 |

See accompanying notes.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
December 31, 2020

| | |
|---|------------------|
| Fund balance - governmental fund | \$ 55,030 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets of \$31,663 net of accumulated depreciation of \$29,472 are not financial resources and, therefore, are not reported in the governmental fund. | <u>2,191</u> |
| Net position of governmental activities | <u>\$ 57,221</u> |

See accompanying notes.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Reconciliation of the Statement of Governmental Fund Revenues,
Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2020

Change in fund balance - governmental fund \$ (18,046)

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

Governmental fund reports capital outlay as expenditures while
in the statement of activities, these costs are depreciated
over their useful lives.

Depreciation expense (1,733)

Change in net position \$ (19,779)

See accompanying notes.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Terrebonne Economic Development District was created in 1989 as authorized by Louisiana Revised Statute 33:130.251 and LA R.S. 33:130.60 for the primary object and purpose of promoting, encouraging, and participating in industrial development to stimulate the economy of Terrebonne Parish, Louisiana through commerce, industry, and research and for the utilization and development of natural, physical, and human resources of the area by providing job opportunities.

In 2004, pursuant to statutory revision, the District was replaced by the Terrebonne Parish Economic Authority (TEDA). On October 30, 2015 the Parish executed a Cooperative Endeavor Agreement whereas TEDA agrees to operate and to serve as the economic development agency for Terrebonne Parish. TEDA receives funding from TPCG during its annual parish budget process. Such funding shall not exceed fifty percent of the Terrebonne Occupational License revenues based upon the approval of the parish budget.

The accounting policies of TEDA conform to accounting principles generally accepted in the United States of America 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 following is a summary of significant accounting policies:

A. REPORTING ENTITY

Because the Parish appoints the governing board and can therefore impose its will, TEDA was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by TEDA and do not present information on the Consolidated Government, the general government services provided by that governmental unit, or other government units that comprise the governmental reporting entity.

B. INDIVIDUAL COMPONENT UNIT DISCLOSURES

Discretely Presented Component Unit – The component unit column in the government-wide statement of net position and statement of activities includes the financial data of TEDA's component unit.

Terrebonne Economic Development Foundation (TEDFO), component unit, is a legally separate, nonprofit organization that reports under FASB standards. TEDFO acts primarily to assist in the efforts of economic development projects.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. BASIS OF PRESENTATION

GASB statements establish standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use though external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Authority’s highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Assigned – This component of fund balance is intended to be used by the Authority for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the Authority’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

TEDA’s basic financial statements consist of the government-wide statements on all activities of the Authority and the governmental fund financial statements.

Government-wide Financial Statements:

The government wide financial statements include the Statement of Net Position and the Statement of Activities for all activities for the Authority. The government-wide presentation focuses primarily on the sustainability of the Authority as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through intergovernmental revenues.

Fund Financial Statements:

The daily accounts and operations of the Authority are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the Authority:

General Fund – The General Fund is the operating fund of the Authority. It is used to account for all financial resources except those that are required to be accounted for in another fund.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the Authority because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

E. CASH AND CASH EQUIVALENTS

The Authority considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

F. ACCOUNTS RECEIVABLE

The financial statements for the Authority contain no allowance for uncollectible accounts. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate the particular receivable is uncollectible. These amounts are not considered to be material in relation to the financial position or operations of the Authority.

G. CAPITAL ASSETS

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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 of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by the type of asset is as follows:

| | |
|--|------------|
| Office furniture, equipment, and website | 5-10 years |
|--|------------|

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. ENCUMBRANCES

The Authority does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

I. OPERATING BUDGETARY DATA

As required by Louisiana Revised Statutes 39:1393, the Board of Commissioners (the Board) adopted a budget for the Authority's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The Authority amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America. The General Fund budget presentation is included in the required supplementary information.

J. VACATION AND SICK LEAVE

Full time employees are eligible for paid vacation and sick leave based on the following schedule:

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont.)

Vacation:

- All employees will receive two weeks (80 hours) of paid vacation each calendar year for the first seven (7) years of their employment with TEDA. The number of vacation days a newly hired employee receives will be prorated if they are hired after January 1.
- Employees who complete seven (7) years of continuous employment with TEDA will receive three weeks (120 hours) of paid vacation per year beginning January 1 of the calendar year following the year in which they have their seven-year anniversary of continuous employment.
- If an employee is not permitted to take vacation because of TEDA operations, the employee may receive pay for the vacation upon approval of the CEO. Except in such cases, vacation time is not cumulative. Vacation days must be taken in full. An employee may not use vacation time by the hour or half-day.
- Vacation time may not be carried over to the following year. Vacation pay will not be paid upon separation of employment, whether by voluntary or involuntary termination.

Sick Leave

- Full time employees are eligible from date of hire for five (5) paid sick days each year. Sick days are calculated per calendar year.
- When the allotted five (5) days/forty (40) hours total sick time is exhausted for the calendar year, all subsequent sick time will be deducted from unused vacation time until all vacation time has been used.
- Sick days may not be carried over to the following calendar year. Employees will not be paid in lieu of taking the actual time off.
- Employees will not be paid for unused sick days upon termination.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the Authority primarily relate to capital assets' useful lives.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Notes to Financial Statements
 For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont.)

L. RECENT PRONOUNCEMENT

GASB Statement No. 87, “Leases” increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were 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. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect of this statement on the financial statements.

NOTE 2 – DEPOSITS

Under state law, the Authority may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The year-end balance of deposits is as follows:

| | Bank Balance | Reported Amount |
|------|-----------------|--------------------|
| Cash | \$ 67,926 | \$ 64,337 |

Custodial credit risk is the risk that in the event of a bank failure, the Authority’s deposits may not be returned to it. As of December 31, 2020, none of the deposits were exposed to credit risk as these deposits were insured in accordance with state law by FDIC coverage.

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Notes to Financial Statements
 For the Year Ended December 31, 2020

NOTE 3 – NOTE RECEIVABLE

TEDA's component unit (TEDFO) entered into an agreement beginning October 27, 2017, in which it loaned \$38,496 to an unrelated party to be repaid over a period of 9 years at an interest rate of 4.00%. As of December 31, 2020, the outstanding principal balance of the note receivable was \$35,287.

Maturities of the note receivable are as follows:

| <u>December 31,</u> | | |
|---------------------|-----------|---------------|
| 2021 | \$ | 10,415 |
| 2022 | | 4,612 |
| 2023 | | 4,800 |
| 2024 | | 4,996 |
| 2025 | | 5,200 |
| Thereafter | | <u>5,264</u> |
| | <u>\$</u> | <u>35,287</u> |

NOTE 4 – CHANGE IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

| | <u>Balance December 31, 2019</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance December 31, 2020</u> |
|------------------------------------|--|-------------------|------------------|--|
| Capital assets, being depreciated: | | | | |
| Office furniture and equipment | \$ 31,663 | \$ - | \$ - | \$ 31,663 |
| Less: Accumulated depreciation | <u>(27,739)</u> | <u>(1,733)</u> | | <u>(29,472)</u> |
| Total capital assets, net | <u>\$ 3,924</u> | <u>\$ (1,733)</u> | <u>\$ -</u> | <u>\$ 2,191</u> |

NOTE 5 – POST-EMPLOYMENT BENEFITS

TEDA does not offer post-employment benefits to its employees.

NOTE 6 – COMPENSATION OF BOARD MEMBERS

TEDA's board serves without compensation.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Notes to Financial Statements
For the Year Ended December 31, 2020

NOTE 7 – RELATED PARTY TRANSACTION

The Authority conducts its activities in office space leased from the Terrebonne Parish Consolidated Government. The written agreement, which expires in November 2021, requires monthly payments of \$1,333. Total rent expense under this agreement for the year ended December 31, 2020 is \$16,000.

NOTE 8 – RETIREMENT PLAN

The Authority maintains a Simple IRA plan for the benefit of its employees. Under a Simple IRA plan, an Individual Retirement Account (IRA) is established for each participating employee and contributions are made directly into that IRA.

Participating employees can elect to contribute up to \$13,500 of their compensation to the IRA. Employer contributions equal 3% of participating employees' compensation. Employer contributions for the year ended December 31, 2020 totaled \$7,434.

NOTE 9 – COVID-19 BAYOU BUSINESS RELIEF GRANT

During the year ended December 31, 2020, TEDA's discretely presented component unit, TEDFO, received a COVID-19 Bayou Business Relief Grant in the amount of \$500,000. The aim of the program is to provide limited assistance for businesses which did not receive support through existing programs or need additional support to remain viable through the pandemic. Of the \$500,000 received, TEDFO awarded \$485,529 to qualifying subgrantees in accordance with the provisions of the grant contract. \$14,471 of the grant proceeds are undisbursed at December 31, 2020. This amount has been reported as restricted on the Statement of Net Position.

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Authority carries commercial insurance or other insurance for the losses to which it is exposed. No settlements were made during the year. The Authority pays monthly premiums to the Parish for group health insurance. The Authority's premiums for group health insurance are based on a fixed rate per employee and coverages. The Parish handles all claims filed against the Authority.

NOTE 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through April 7, 2021, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Terrebonne Economic Development Authority
 Terrebonne Parish Consolidated Government
 Budgetary Comparison Schedule – General Fund
 For the Year Ended December 31, 2020

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget Over/ (Under)</u> |
|-----------------------------------|-------------------------|------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues | | | | |
| Intergovernmental | \$ 372,500 | \$ 372,500 | \$ 372,500 | \$ - |
| Miscellaneous | - | - | 1,745 | 1,745 |
| Total Revenues | <u>372,500</u> | <u>372,500</u> | <u>374,245</u> | <u>1,745</u> |
| Expenditures | | | | |
| Personnel services | 350,330 | 345,978 | 349,625 | (3,647) |
| Other services and charges | 75,650 | 37,977 | 32,693 | 5,284 |
| Supplies and materials | 5,750 | 7,545 | 9,973 | (2,428) |
| Total Expenditures | <u>431,730</u> | <u>391,500</u> | <u>392,291</u> | <u>(791)</u> |
| Expenditures over Revenues | (59,230) | (19,000) | (18,046) | 954 |
| Fund Balance, Beginning | <u>73,076</u> | <u>73,076</u> | <u>73,076</u> | - |
| Fund Balance, Ending | <u>\$ 13,846</u> | <u>\$ 54,076</u> | <u>\$ 55,030</u> | <u>\$ 954</u> |

See Independent Auditor's Report.

SUPPLEMENTAL INFORMATION

Terrebonne Economic Development Authority
 Schedule of Compensation, Benefits
 and Other Payments to Authority Head
 For the Year Ended December 31, 2020

Agency Head Name: Matthew Rookard, CEO

| Purpose | Amount |
|-----------------------------------|-------------------|
| Salary | \$ 120,145 |
| Benefits - insurance | 4,438 |
| Benefits - retirement | 3,820 |
| Benefits - other | 1,200 |
| Car allowance | 6,000 |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | - |
| Conference travel | - |
| Continuing professional education | - |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | - |
| Total | \$ 135,603 |

This schedule is used to satisfy the reporting requirements of R.S. 24:513(A)(3).

REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Commissioners
Terrebonne Economic Development Authority
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the aggregate discretely presented component unit of the Terrebonne Economic Development Authority (TEDA) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise TEDA's basic financial statements, and have issued our report thereon dated April 7, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered TEDA'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 TEDA's internal control. Accordingly, we do not express an opinion on the effectiveness of TEDA'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Martin and Pelletier".

Houma, Louisiana
April 7, 2021

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of the Terrebonne Economic Development Authority.
2. No significant control deficiencies were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No instances of noncompliance under the provisions of the Louisiana Governmental Audit Guide were noted during the audit of the financial statements.
5. A management letter was not issued.
6. The Authority did not receive or expend federal funds during the year.

Section II – Financial Statement Findings

No findings material to the basic financial statements of the Terrebonne Economic Development Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were noted during the audit.

Section III – Federal Awards

No federal awards were received during the year.

Terrebonne Economic Development Authority
Terrebonne Parish Consolidated Government
Schedule of Prior Findings and Responses
For the Year Ended December 31, 2020

Note: the prior findings related to the December 31, 2019 audit engagement.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.