

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

FINANCIAL REPORT

DECEMBER 31, 2021

Roslyn J. Johnson, LLC
Certified Public Accountant

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Baton Rouge North Economic Development District
Baton Rouge, Louisiana

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Baton Rouge North Economic Development District** (a political subdivision), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the District as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, and each major fund of **Baton Rouge North Economic Development District** as of December 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. I 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 my inquiries, the basic financial statements, and or the knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of compensation, benefits and other payments to Executive Director are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 my opinion, the schedules of special revenue funds and of compensation, benefits and other payments to Executive Director 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*, I have also issued my report dated June 24, 2022, on my consideration of **Baton Rouge North Economic Development District's** internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Certified Public Accountant

Baton Rouge, Louisiana
June 24, 2022

REQUIRED SUPPLEMENTARY INFORMATION

**MANAGEMENT'S DISCUSSION
AND ANALYSIS (MD&A)**

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

As management of the Baton Rouge North Economic Development District (hereafter referred to as the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2021. The emphasis of discussions about these statements will be on current year data.

Financial Highlights

The financial statements included in this report provide insight into the financial status of the year. Based upon the operations of the year ended December 31, 2021, the District's net position and fund balance increased by \$358,087.

Total revenues increased \$404,090 or 174% in 2021, primarily due to the increase in hotel occupancy taxes and the receipt of various state and local grants that were not received in the prior year.

Hotel occupancy taxes increased \$26,420 (12%) to \$243,484 during the year ended December 31, 2021, compared to \$217,064 during 2020.

Total expenditures increased \$64,713 or 30% to \$278,067 in 2021 from \$213,354 in 2020. The increase is primarily due to a decrease in salaries and related benefits as result of not having administrative staff for a portion of the year and the increase due to incurring expenditures related to the administering of state and local grant programs.

No expenditures for capital assets were made during the year ended December 31, 2021.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District are categorized as governmental 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 financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains two 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, Façade & Signage Improvement Program and the Mayor's Healthy City Initiative Fund, which are considered to be major funds. However, management has chosen to report all special revenue funds on the face of the financial statements.

The District adopts an annual budget for its general fund and special revenue funds. Budgetary comparison schedules have been provided to demonstrate compliance.

The basic governmental fund financial statements can be found on pages 10 and 12 - 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budgetary comparison schedules for its major governmental funds. The required supplementary information can be found on pages 21 - 23 of this report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Certain supplementary financial information can be found on page 24. This schedule of compensation, benefits and other payments to chief executive officer was designed to included for additional information and analysis and do not constitute a part of the basic financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. In the case of the District, assets exceeded its liabilities by \$577,303 at the close of the 2021 fiscal year.

The following is a summary of the District's net position:

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Net Position

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 538,989	\$ 192,500
Hotel occupancy taxes receivables	50,217	25,212
Other asset	625	718
TOTAL ASSETS	589,831	218,430
LIABILITIES		
Accounts payables	12,257	1,634
Salaries & payroll withholding payable	271	(194)
TOTAL LIABILITIES	12,528	1,440
NET POSITION		
Unrestricted	307,447	216,990
Restricted	269,856	-
TOTAL NET POSITION	\$ 577,303	\$ 216,990

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

The following is a summary of the District's changes in net assets:

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Changes in Net Position

	2021	2020
REVENUES:		
Grants and contributions:		
Operating grants	\$ 360,000	\$ 15,000
General revenues:		
Hotel occupancy taxes	243,484	217,064
In-kind contributions	32,666	-
Miscellaneous revenues	4	-
Total revenues	636,154	232,064
 EXPENSES:		
Instruction:		
General government	\$ 185,823	\$ 167,204
Economic and business development	92,244	46,150
Total expenses	278,067	213,354
 CHANGE IN NET POSITION	\$ 358,087	\$ 18,710

Financial Analysis of the District's Government Funds

For the year ended December 31, 2021, there were no differences between the government-wide presentation and the fund financial statements.

General Fund Budgetary Highlights

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the District complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-RS 39:1301 et seq.). The District adopted a budget initially for the General Fund only. However, during the year, the District received several local and state grant awards and the budget was amended once during the years to address changes with general fund activities and budget for the grant awards.

Economic Factors and Next Year's Budget

The primary revenue source for the District is derived from a two percent hotel occupancy tax within the boundaries of the North Baton Rouge section of the City of Baton Rouge. This tax is subject to changes in the economy in the short-term and in the long-term. In budgeting for the year ended December 31, 2022, the District expects revenues to remain consistent with those experienced in 2021.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2021

Request for Information

This financial report is designed to provide a general overview of the Baton Rouge North Economic Development District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Cargile, Treasurer, 5955 Scenic Highway, Baton Rouge, Louisiana 70805.

BASIC FINANCIAL STATEMENTS:

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Governmental Fund Balance Sheet / Statement of Position
December 31, 2021

	Governmental Fund Financial Statements / Balance Sheet						Government-wide Statements Statement of Position
	Special Revenue Funds				Total	Adjustments	
	General Fund	NBR Restaurant Workforce Initiative Fund	Façade & Signage Improvement Program	Mayor's Healthy City Initiative Fund			
ASSETS							
Cash and cash equivalents	\$ 269,133	\$ 50,000	\$ 219,856	\$ -	\$ 538,989	\$ -	\$ 538,989
Hotel occupancy tax receivables	50,217	-	-	-	50,217	-	50,217
Travel advances	625	-	-	-	625	-	625
TOTAL ASSETS	\$ 319,975	\$ 50,000	\$ 219,856	\$ -	\$ 589,831	\$ -	\$ 589,831
LIABILITIES							
Current liabilities:							
Accounts payables	\$ 12,257	\$ -	\$ -	\$ -	\$ 12,257	\$ -	\$ 12,257
Salaries & payroll withholding & payable	271	-	-	-	271	-	271
TOTAL LIABILITIES	12,528	-	-	-	12,528	-	12,528
FUND BALANCE							
Restricted	-	50,000	219,856	-	269,856	-	269,856
Unassigned	307,447	-	-	-	307,447	-	307,447
TOTAL FUND BALANCE	307,447	50,000	219,856	-	577,303	-	577,303
TOTAL LIABILITIES AND FUND BALANCE	\$ 319,975	\$ 50,000	\$ 219,856	\$ -	\$ 589,831	\$ -	\$ 589,831

The accompanying notes are an integral part of this statement.

Statement B

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana
Statement of Activities
For the Year Ended December 31, 2020

	Expenses	Charges for Services	Net (Expenses) Revenues and Changes in Net Assets
FUNCTIONS/PROGRAMS			
Governmental activities:			
Economic Development:			
General government	\$ 185,823	\$ -	\$ (185,823)
Economic and business development	92,244	-	(92,244)
Total Governmental Activities	\$ 278,067	\$ -	(278,067)
General Revenues:			
Taxes:			
Hotel occupancy taxes			243,484
In-kind contributions			32,666
Miscellaneous revenue			4
Governmental grants			360,000
Total general revenues			636,154
Change in Net Position			358,087
Net Position - December 31, 2020, as restated			219,216
Net Position - December 31, 2021			\$ 577,303

The accompanying notes are an integral part of this statement.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2021

	General Fund
REVENUES	
Local sources:	
Taxes:	
Hotel occupancy tax	\$ 243,484
Local grant - City of Baton Rouge	-
State grants	-
In-kind contributions	32,666
Miscellaneous	4
	4
Total revenues	276,154
 EXPENDITURES	
Economic Development:	
General Government:	
Legislative	97,664
Executive	49,042
Financial administration	39,117
Economic and business development	2,100
Total expenditures	187,923
 EXCESS OF REVENUES OVER EXPENDITURES	88,231
 NET CHANGES IN FUND BALANCES	88,231
 FUND BALANCES - DECEMBER 31, 2020, as restated	219,216
 FUND BALANCES - DECEMBER 31, 2021	\$ 307,447

The accompanying notes are an integral part of this statement.

Statement C

Special Revenue Funds			
NBR Restaurant Workforce Initiative Fund	Façade & Signage Improvement Program	Mayor's Healthy City Initiative Fund	Total
\$ -	\$ -	\$ -	\$ 243,484
-	-	60,000	60,000
50,000	250,000	-	300,000
-	-	-	32,666
-	-	-	4
50,000	250,000	60,000	636,154
-	-	-	97,664
-	-	-	49,042
-	-	-	39,117
-	30,144	60,000	92,244
-	30,144	60,000	278,067
50,000	219,856	-	358,087
50,000	219,856	-	358,087
-	-	-	219,216
\$ 50,000	\$ 219,856	\$ -	\$ 577,303

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements

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BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

INTRODUCTION

Baton Rouge North Economic Development District (the “District”) is an economic development district created in the parish of East Baton Rouge. The District is a political subdivision of the state of Louisiana created for the purpose of developing the area included within the district in order to provide for substantial economic activity and employment opportunities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION, MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accompanying financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Government-Wide Financial Statements (GWFS)

The government-wide financial statements include the Statement of Net Position (Statement A) and the Statement of Activities (Statement B) which are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. These statements include all the financial activities of the District.

In the government-wide Statement of Net Position (Statement A), the governmental activities presents the assets, deferred outflows, liabilities and deferred inflows of the District, with the difference reported as net position. All of the District’s net position are reported as unrestricted.

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds, however management has decided to show all funds on the face of the basic financial statements. The general fund, Façade & Signage Improvement Program and the Mayor's Healthy City Initiative Fund, are considered to be major funds.

The District reports the following major governmental fund:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the general government.

Governmental funds and the agency fund use the modified accrual basis of accounting. 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 pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Hotel occupancy tax revenues are considered "measurable" when the underlying transaction occurs and meets the availability criteria.

Substantially all other revenues are recorded when received.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

1. **Net investment in capital assets, net of related debt:** Consists of capital assets including restricted 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.
2. **Restricted net position:** Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. **Unrestricted net position:** All other net position that do not meet the definition of “net investment in capital assets, net of related debt” or “restricted”.

The District adopted GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB No. 54 requires the fund balance amounts to be reported within the following fund balance classifications:

4. **Nonspendable:** Fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
5. **Restricted:** Fund balance amounts with constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
6. **Committed:** Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts.
7. **Assigned:** Fund balance amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the government body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.
8. **Unassigned:** Fund balance that is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, expenditures are to be spent from restricted fund balance first and then unrestricted. Expenditures incurred in the unrestricted fund balances shall be reduced first from the committed fund balance, then from the assigned fund balance and finally, the unassigned fund balance.

B. BUDGETS AND BUDGETARY ACCOUNTING

The District adopts an annual budget for its general fund and special revenue funds as required by state law, Louisiana Revised Statutes 39:1301-1314. The budgets are prepared on the modified accrual basis of accounting. Budgeted amounts are as originally adopted or as amended by the District. Legally, the District must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the District to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

C. PROPERTY AND EQUIPMENT

The District's policy is to capitalize property and equipment over \$2,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Useful lives vary from 3 to 7 years for furniture and equipment and 10 years for leasehold improvements. At December 31, 2021, the District had no capitalized property and equipment and therefore, no depreciation expenses are recorded in the financial statements.

D. HOTEL OCCUPANCY TAXES

The District is authorized to collect, within the designated boundaries of the North Baton Rouge section of the City of Baton Rouge, two percent hotel occupancy taxes that are dedicated to developing the area included within the district in order to provide for substantial economic activity and employment opportunities.

E. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

At December 31, 2021 the District had cash and cash equivalents (book balances) totaling \$538,989.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

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

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, the School Board would not be able to recover its deposits, investments, or collateral securities that are in the possession of an outside party. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount of deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2021, the District has \$553,941 in deposits (collected bank balances). These deposits are secured from risk by \$471,057 of pledged security and \$250,000 of federal deposit insurance and unsecured from risk by \$471,057 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

3. HOTEL OCCUPANCY TAXES RECEIVABLES

Hotel occupancy tax receivable represents amounts due from hotel occupancy taxes that have been collected as of December 31, 2021. All amounts are expected to be collected in the subsequent period.

4. LITIGATION

There is no litigation pending against the District, at December 31, 2021, nor is it aware of any unasserted claims.

5. COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of Baton Rouge North Economic Development District receive no compensation for their services.

6. RELATED PARTY TRANSACTIONS

There were no related party transactions that would require disclosure in the accompanying financial statements.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

7. PRIOR PERIOD ADJUSTMENTS

The January 1, 2021, beginning balances of the net position / fund balance of the government-wide statement of activities was restated as follows:

	<u>Governmental Activities</u>
Net position / Fund balance, December 31, 2020 as previously reported	\$ 216,990
Plus: Refund of excess payroll tax remittance from prior year	<u>2,226</u>
Net position / Fund balance, December 31, 2020, as restated	<u><u>\$ 219,216</u></u>

8. SUBSEQUENT EVENTS

The District is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The District performed such an evaluation through June 24, 2022, the date which the financial statements were available to be issued, and noted no subsequent events or transaction that occurred after the balance sheet date requiring recognition or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES**

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual (GAAP Basis)	Variance With Final Budget Positive (Negative)
REVENUES				
Hotel occupancy taxes	\$ 229,285	\$ 245,000	\$ 243,484	\$ (1,516)
Misceaalaneous revenues	-	100	4	(96)
Other revenues - In-Kind Contributions	-	33,000	32,666	(334)
Total revenues	<u>229,285</u>	<u>278,100</u>	<u>276,154</u>	<u>(1,946)</u>
EXPENDITURES				
Economic Development:				
General government:				
Legislative	41,600	98,350	97,664	686
Executive	183,348	51,425	49,042	2,383
Financial administration	24,400	40,900	39,117	1,783
Economic Development:				
Economic and business development	71,500	3,000	2,100	900
Total expenditures	<u>320,848</u>	<u>193,675</u>	<u>187,923</u>	<u>5,752</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ (91,563)</u>	<u>\$ 84,425</u>	<u>\$ 88,231</u>	<u>\$ 3,806</u>
NET CHANGES IN FUND BALANCE	(91,563)	84,425	88,231	3,806
FUND BALANCE - DECEMBER 31, 2020	<u>216,990</u>	<u>219,216</u>	<u>219,216</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2021	<u><u>\$ 125,427</u></u>	<u><u>\$ 303,641</u></u>	<u><u>\$ 307,447</u></u>	<u><u>\$ 3,806</u></u>

See independent auditor's report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

SPECIAL REVENUE FUND -
FAÇADE & SIGNAGE IMPROVEMENT PROGRAM
Budgetary Comparison Schedule
For the Year Ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Local government grant	\$ -	\$ 250,000	\$ 250,000	\$ -
Total revenues	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
EXPENDITURES				
Economic Development:				
Economic and business development	-	30,143	30,144	(1)
Total expenditures	<u>-</u>	<u>30,143</u>	<u>30,144</u>	<u>(1)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 219,857</u>	<u>\$ 219,856</u>	<u>\$ (1)</u>
NET CHANGES IN FUND BALANCE	-	219,857	219,856	(1)
FUND BALANCE - DECEMBER 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2021	<u>\$ -</u>	<u>\$ 219,857</u>	<u>\$ 219,856</u>	<u>\$ (1)</u>

See independent auditor's report.

**BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana**

**SPECIAL REVENUE FUND -
NBR RESTAURANT WORKFORCE FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Local government grant	\$ -	\$ 60,000	\$ 60,000	\$ -
Total revenues	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
EXPENDITURES				
Economic Development:				
Economic and business development	-	60,000	60,000	-
Total expenditures	<u>-</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGES IN FUND BALANCE	-	-	-	-
FUND BALANCE - DECEMBER 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2021	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditor's report.

SUPPLEMENTARY INFORMATION SCHEDULES

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
For the Year Ended December 31, 2021

Agency Head Name: April Hawthorne, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 24,307
Benefits - Retirement (Social Security taxes)	1,507
Benefits - Insurance (Medicare taxes)	353
	<u>\$ 26,167</u>

**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
Baton Rouge North Economic Development District
Baton Rouge, Louisiana

I 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 business-type activities, each major fund, and the aggregate remaining fund information of **Baton Rouge North Economic Development District**, (a political subdivision), as of and for the year ended December 31, 2021 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued my report thereon dated June 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **Baton Rouge North Economic Development District's** internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Baton Rouge North Economic Development District's** internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did

not identify any deficiencies in internal control that I consider to be a material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **Baton Rouge North Economic Development District's** financial statements are free from material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Certified Public Accountant

Baton Rouge, Louisiana
June 24, 2022

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

**Schedule of Audit Findings and Responses
Year Ended December 31, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

Type of auditor's report issued:		Unmodified	
Internal control over financial reporting:			
Material weakness (es) identified?	<u> </u> Yes	<u> X </u> No	
Significant deficiency (ies) identified ?	<u> </u> Yes	<u> X </u> No	
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No	
Management Letter Comments	<u> </u> Yes	<u> X </u> No	

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs for the year ended December 31, 2021.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

**Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended December 31, 2021**

There were no prior year audit findings.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

REPORT ON APPLYING AGREED-UPON PROCEDURES

DECEMBER 31, 2021

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners of the **Baton Rouge North Economic Development District** and the **Louisiana Legislative Auditor**:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The District's management is responsible for those C/C areas identified in the SAUPs.

The District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving.
 - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff

procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were found as a result of these procedures.

Board or Finance Committee

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

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions were found as a result of these procedures.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were found as a result of these procedures.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100.
 - e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of these procedures. Cash is not collected at the one location site of the District.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were found as a result of these procedures.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written

documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of these procedures.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of these procedures.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of these procedures.

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file
- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance

premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Documentation demonstrates two (2) of the thirteen (13) Commissioners did not complete the required training.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

N/A – The District did not issue bonds/notes and other debt instruments during the fiscal period.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No misappropriation of assets during the fiscal period and no exceptions were found as a result of these procedures.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

I performed the procedure and discussed the results with management. Management’s information technology is limited to in-hour software utilize in accounting and reporting of its financial transactions only.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

I performed the procedures and discussed the results with management. Management’s information technology is limited to in-house software utilized in accounting and reporting of its financial transactions which is backed-up in real-time to the provider of the software’s platform.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

No exceptions were found as a result of these procedure.

I was engaged by **Baton Rouge North Economic Development District**, to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of **Baton Rouge North Economic Development District** and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Roslyn J. Johnson, LLC

Certified Public Accountant

Baton Rouge, Louisiana
June 24, 2022

Roslyn J. Johnson, LLC
Certified Public Accountant