

FREMAUX ECONOMIC DEVELOPMENT DISTRICT

A COMPONENT UNIT OF THE CITY OF SLIDELL

SLIDELL, LOUISIANA

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1–4
 REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	5–8
 BASIC FINANCIAL STATEMENTS	
<u>Government-wide Financial Statements.</u>	
Statement of Net Position.....	9
Statement of Activities	10
 <u>Fund Financial Statements:</u>	
Governmental Funds:	
Balance Sheet.....	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	14
Notes to Financial Statements	15–22
 REQUIRED SUPPLEMENTARY INFORMATION – PART II	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund Budget and Actual - Budgetary Basis.....	23
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Debt Service Fund Budget and Actual - Budgetary Basis	24
 OTHER SUPPLEMENTARY INFORMATION	
Schedule "1" Schedule of Compensation, Benefits, and Other Payments to Agency Head	25
 OTHER REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26–27
Schedule of Findings and Responses	28
Summary Schedule of Prior Year Findings and Responses	29



INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Fremaux Economic Development District, Slidell, Louisiana (the "District") (a component unit of the City of Slidell), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Fremaux Economic Development District as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.



To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, Louisiana
December 8, 2023

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 may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 our 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 and *Government 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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.



To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, Louisiana
December 8, 2023

- Conclude whether, in our judgment, 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.

We are 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 we 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 budgetary comparison information on pages 5 through 8 and 23 through 24 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The schedule of compensation, benefits, and other payments to agency head on page 25 is 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 our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, Louisiana
December 8, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

December 8, 2023
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

Our discussion and analysis of the Fremaux Economic Development District's (the "District"), a component until of City of Slidell, Louisiana, financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023. This analysis should be read in conjunction with the audited financial statements, which follow this section.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a long-term view of the District's finances.

Fund financial statements start on page 10. For governmental activities, these statements report how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. As such, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

In both of the government-wide financial statements, all of the District's basic services are reported as governmental activities and will be financed primarily through revenues from sales and hotel occupancy taxes.

Fund Financial Statements

The fund financial statements begin on page 11 and provide detailed information about the most significant funds—not the District as a whole. The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023

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 beginning on page 15 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary basis reporting for the General Fund and Debt Service Fund. Required supplementary information can be found on pages 25 and 26 of this report.

Government-Wide Financial Analysis

As noted earlier, net position (deficit) may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities exceeded assets by \$7,149,448 at the close of fiscal year 2023 and \$7,501,703 at the close of fiscal year 2022.

Table 1
Condensed Statement of Net Position
June 30, 2023 and 2022

<u>ASSETS</u>		
	<u>2023</u>	<u>2022</u>
Current assets	\$ 133,511	\$ 138,373
Restricted assets	<u>1,269,742</u>	<u>1,236,764</u>
Total assets	<u>\$ 1,403,253</u>	<u>\$ 1,375,137</u>
<u>LIABILITIES</u>		
Current liabilities	\$ 83,042	\$ 85,416
Long-term liabilities	<u>8,469,659</u>	<u>8,791,424</u>
Total liabilities	<u>\$ 8,552,701</u>	<u>\$ 8,876,840</u>
<u>NET POSITION</u>		
Restricted for debt service	\$ 1,067,522	\$ 1,035,126
Unrestricted	<u>(8,216,970)</u>	<u>(8,536,829)</u>
Total net position (deficit)	<u>\$ (7,149,448)</u>	<u>\$ (7,501,703)</u>

The District's total assets increased by \$28,116. The District's total liabilities decreased by \$324,139.

The District's net position increased by \$352,255 during the current fiscal year.

**FREMAUX ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023**

**Table 2
Condensed Statement of Changes in Net Position**

	2023	2022
Revenues		
General revenues		
Sales and use tax	\$ 829,754	\$ 811,341
Investment earnings	41,877	646
Total revenues	871,631	811,987
Program expenses		
General government	26,441	24,904
Interest on long-term debt	492,935	513,435
Total expenses	519,376	538,339
Change in net position	352,255	273,648
Ending net position (deficit) from the Statement of Activities	\$ (7,149,448)	\$ (7,501,703)

As of June 30, 2023, the District has a government-wide net deficit. The District has \$1,067,522 (15%) of net position restricted for debt service and the remaining net deficit is unrestricted. At the end of the current fiscal year, the District is not able to report positive balances in net position for governmental activities. This is due to the issuance of Sales Tax Bonds during 2014 and 2016.

Governmental activities increased the District's net position by \$352,255.

Total revenue related to governmental activities increased by \$59,644 (4%) in 2023 as compared to 2022, largely due to an increase in the collection of sales and use tax..

Total expenses for governmental activities decreased by \$18,963 (4%) in 2023 compared to 2022. The District incurred less expenses during 2023 for interest on long-term debt.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the District's governmental funds reported combined ending fund balances of \$1,403,253, an increase of \$35,726 in comparison with the prior year fund balance of \$1,373,546.

Fund balance in the General Fund decreased by \$4,280 and fund balance Debt Service Fund increased \$40,006, respectively, during 2023.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2023

DEBT

At June 30, 2023, the District had \$8,469,659 in long-term debt which consisted of sales tax bonds. Long-term debt decreased from the prior year due repayment of principal and from the net effect of the amortization of original issue discounts. More detailed information about this issuance is disclosed in Note 4 to the financial statements.

OTHER FACTORS AFFECTING THE DISTRICT

The District's management approach is fiscally conservative. This District issued bonds to finance various capital improvements within the District. The District will meet future obligations to redeem bonds with the proceeds of sales taxes collected within the District which is pledged for the repayment of the bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District's elected and appointed officials considered the following factors when setting the 2024 budget:

In 2024, sales tax revenue in the District is expected to be comparable to prior year primarily due to no significant changes noted at the retail development plan.

The sales tax collections net of expenses for collections, the trustee, auditing and accounting are dedicated to debt service on the outstanding bonds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide the District's users with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions regarding this report or request for additional information should be addressed to Fremaux Economic Development District at 2045 Second Street, Slidell, Louisiana or by phone at (985) 646-4316.

BASIC FINANCIAL STATEMENTS

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Total Governmental Activities</u>
<u>ASSETS:</u>	
Sales tax receivable	\$ 133,511
Restricted assets:	
Cash and cash equivalents	<u>1,269,742</u>
Total assets	<u>1,403,253</u>
<u>LIABILITIES:</u>	
Accrued interest	81,450
Accrued expenses	1,535
Due to other governments	57
Noncurrent liabilities:	
Due within one year	-
Due in more than one year	<u>8,469,659</u>
Total liabilities	<u>8,552,701</u>
<u>NET POSITION:</u>	
Restricted for debt service	1,067,522
Unrestricted	<u>(8,216,970)</u>
Total net position (deficit)	<u>\$ (7,149,448)</u>

The accompanying notes are an integral part of this statement

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Change in Net Position Total
Governmental Activities:			
General government	\$ (26,441)	\$ -	\$ (26,441)
Interest on long-term debt	(492,935)	-	(492,935)
 Total governmental activities	 (519,376)	 -	 (519,376)
 General Revenues			
Taxes:			
Sales and use			829,754
Investment earnings			41,877
Total general revenues			871,631
Change in net position			352,255
Net position (deficit) - beginning of year			(7,501,703)
Net position (deficit) - end of year			<u>\$ (7,149,448)</u>

The accompanying notes are an integral part of this statement

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS</u>			
<u>CURRENT ASSETS:</u>			
Sales tax receivable	\$ 133,511	\$ -	\$ 133,511
Restricted assets:			
Cash and cash equivalents	202,220	1,067,522	1,269,742
Total assets	\$ 335,731	\$ 1,067,522	\$ 1,403,253
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accrued expenses	\$ 1,535	\$ -	\$ 1,535
Due to other governments	57	-	57
Total liabilities	1,592	-	1,592
<u>FUND BALANCES:</u>			
Restricted for debt service	-	1,067,522	1,067,522
Unassigned	334,139	-	334,139
Total fund balances	334,139	1,067,522	1,401,661
Total liabilities and fund balances	\$ 335,731	\$ 1,067,522	\$ 1,403,253

The accompanying notes are an integral part of this statement

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because.

Funds balances, total governmental funds	\$	1,401,661
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued interest payable		(81,450)
Bonds payable, net of discounts		<u>(8,469,659)</u>
Net position (deficit) of governmental activities	\$	<u>(7,149,448)</u>

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Taxes and assessments.			
Sales taxes	\$ 829,754	\$ -	\$ 829,754
Interest earnings	<u>6,349</u>	<u>35,528</u>	<u>41,877</u>
Total revenues	<u>836,103</u>	<u>35,528</u>	<u>871,631</u>
<u>EXPENDITURES:</u>			
Current:			
Advertising	399	-	399
Accounting and auditing	10,500	-	10,500
Trustee fee	6,000	-	6,000
Sales tax collections fee	9,542	-	9,542
Debt service:			
Principal retirement	-	325,000	325,000
Interest and fiscal charges	-	<u>492,075</u>	<u>492,075</u>
Total expenditures	<u>26,441</u>	<u>817,075</u>	<u>843,516</u>
Excess (deficiency) of revenues over (under) expenditures	<u>809,662</u>	<u>(781,547)</u>	<u>28,115</u>
<u>OTHER FINANCING SOURCES:</u>			
Transfers in	-	813,943	813,943
Transfers out	<u>(813,943)</u>	<u>-</u>	<u>(813,943)</u>
Total other financing sources (uses)	<u>(813,943)</u>	<u>813,943</u>	<u>-</u>
Net change in fund balances	(4,281)	32,396	28,115
Fund balances - beginning of year	<u>338,420</u>	<u>1,035,126</u>	<u>1,373,546</u>
Fund balances - end of year	<u>\$ 334,139</u>	<u>\$ 1,067,522</u>	<u>\$ 1,401,661</u>

The accompanying notes are an integral part of this statement

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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

Net change in fund balances, total governmental funds	\$	28,115
---	----	--------

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		325,000
---	--	---------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued interest expense		(860)

Change in net position (deficit) of governmental activities	\$	352,255
---	----	---------

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Fremaux Economic Development District (the "District") is an economic development district and a political subdivision of the State of Louisiana, created pursuant to Part II of Chapter 27 of Title 33 and ordinance No. 3460 adopted by the Slidell City Council in its capacity as the governing authority of the City of Slidell, State of Louisiana on March 25, 2008. Pursuant to the Louisiana Cooperative Economic Development Law, the Slidell City Council acts as the governing authority of both the City and the District; however the two entities are separate and distinct political subdivisions of the State.

The District encompasses 89 acres of land where a mixed use development is being constructed in multiple phases. The purpose of the District is to issue sales tax and hotel occupancy increment revenue bonds for economic development in the District. The City of Slidell is the financial reporting entity for the District. The City of Slidell appoints the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a discretely presented component unit of the City of Slidell. The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the City of Slidell. As a discrete component unit, the accompanying financial statements are included within the reporting of the primary government.

Basis of Presentation

The financial statements of the Fremaux Economic Development District, State of Louisiana have been prepared in conformity with generally accepted accounting principles (GAAP). 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 and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements.

The Statement of Activities 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.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

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

The *Debt Service Fund* accounts for the accumulation of resources for the payment of general long-term debt principal.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Accounting

Annually, the District adopts a budget for the General Fund and Debt Service Fund on a modified accrual basis of accounting. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearings on the budget. Budgetary integration is used as a management control device.

Once a budget is approved it can be amended. Such amendments are made before the fact, are reflected in the official minutes of the District, and are not made after fiscal year end.

The Mayor and City Council approve, prior to the beginning of each year, an annual operating budget prepared on the modified accrual basis for general governmental activities. Budgeted amounts are as amended by the District. All budget appropriations lapse at year end.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, cash includes demand deposits of the District. Cash equivalents include short-term, highly liquid, money market mutual funds invested in U.S. Treasury and agency obligations.

The District is authorized under state law to deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the United States, or laws of the United States. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. State Law R.S. 39:1225 provides that the amount of the security shall at all times be equal to 100% of the amount on deposit to the credit of each depositing authority, except that portion of the deposits insured by United States.

Investments

State law allows the District to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Interfund Transactions

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. The permanent reallocation of resources between funds of the District are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated. Interfund services provided and used are not eliminated in the process of consolidation.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Restricted assets on the Balance Sheet of the General Fund of \$202,220 represent the deposit of net revenues from the one-half percent sales tax collected by the District which are held in trust and disbursed by the trustee in accordance with terms of the bond indenture.

Restricted cash on the Balance Sheet of the Debt Service Fund of \$1,067,522 represents amounts which are required to be maintained pursuant to the ordinance relating to Sales Tax Bond Series 2014 and Sales Tax Bond Series 2015 to satisfy reserve requirements. A corresponding amount of fund balance is restricted as these monies are legally segregated for a specific future use.

Long-Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Equity Classifications

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

- a. Net investment in capital assets - 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.
- b. 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. Restricted for other purposes on the Statement of Net Position consist of Debt Service.
- c. Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (continued)

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

- a. Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).
- b. Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.
- c. Committed Fund Balance - This represents the portion of a governmental fund’s resources whose use is subject to a legally binding constraint that is imposed by the District Board that remains legally binding unless removed in the same manner. These constraints are set by the District Board through an ordinance.
- d. Assigned Fund Balance - This represents amounts constrained for the intent to be used for a specific purpose by the District Board or Finance Director that has been delegated authority to assign amounts by the District Board through an ordinance.
- e. Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted resources first, then unrestricted as needed. When committed, assigned or unassigned fund balances are available for use, it is the District’s policy to use committed resources first, then assigned resources and unassigned resources as they are needed.

Minimum Unrestricted Fund Balance Policy

The District has not adopted a minimum unrestricted fund balance policy. The disbursement of revenue collected by the District and the resulting fund balance are governed by the bond indenture.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

**FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The District has evaluated subsequent events through December 8, 2023, the date which the financial statements were available to be issued.

(2) CASH AND INVESTMENTS

The District had the following cash and cash equivalents as of June 30, 2023:

<u>Governmental funds:</u>	<u>Total</u>
Restricted demand deposits	\$ 53
Restricted money market mutual funds	<u>1,269,689</u>
	<u>\$ 1,269,742</u>

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District's deposit policy for custodial credit risk conforms to state law, as described in Note 1. At June 30, 2023, the District's demand deposit bank balance was entirely secured by federal deposit insurance. The District's money market mutual funds were entirely secured by government backed securities held in the District's name.

(3) DEDICATED REVENUES

On March 25, 2008, the City Council passed ordinance number 3461 levying an additional sales tax of one percent (1%) in the District and passed ordinance number 3462 levying a hotel occupancy tax of one percent (1%) in the District to fund economic development projects selected by the District. On December 13, 2011, the City Council adopted ordinance number 3636 to reduce the levy from one percent (1%) to one-half of one percent (0.50%), dedicated to economic development in the District

(4) LONG-TERM DEBT

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2023:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due</u>
	<u>6.30.2022</u>			<u>6.30.2023</u>	<u>Within</u>
<u>Governmental Activities:</u>					<u>One Year</u>
Sales Tax Bonds, Series 2014					
R-1	\$ 1,625,000	\$ -	\$ (325,000)	\$ 1,300,000	\$ -
R-2	3,200,000	-	-	3,200,000	-
Original issue discounts	(32,670)	-	1,485	(31,185)	-
Sales Tax Bonds, Series 2015					
R-1	4,040,000	-	-	4,040,000	-
Original issuance discounts	<u>(40,906)</u>	<u>-</u>	<u>1,750</u>	<u>(39,156)</u>	<u>-</u>
Total governmental activities	<u>\$ 8,791,424</u>	<u>\$ -</u>	<u>\$ (321,765)</u>	<u>\$ 8,469,659</u>	<u>\$ -</u>

**FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023**

(4) LONG-TERM DEBT (CONTINUED)

Sales Tax Bonds secured by sales and use taxes:

\$5,710,000 Sales Tax Bonds, Series 2014, issued on April 3, 2014, secured by an irrevocable pledge and dedication of all the avails or proceeds of the special one-half of one percent (.50%) sales tax now being levied and collected, bearing interest from 5.0% to 6.0%. R-1 bonds mature in 2034 and R-2 bonds mature in 2043, economic development projects. \$ 4,500,000

\$5,250,000 Sales Tax Bonds, Series 2015, issued on November 12, 2015, secured by an irrevocable pledge and dedication of all the avails or proceeds of the special one-half of one percent (.50%) sales tax now being levied and collected, bearing interest of 5.50%, R1 bonds mature in 2045, economic development projects. 4,040,000

\$ 8,540,000

The annual requirements to maturity for Sales Tax Bonds as of June 30, 2023 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ 488,700
2025	-	488,700
2026	-	488,700
2027	-	488,700
2028	-	488,700
2029-2033	-	2,443,500
2034-2038	2,510,000	1,928,650
2039-2043	-	1,708,000
2044-2046	<u>6,030,000</u>	<u>615,200</u>
Total	<u>\$ 8,540,000</u>	<u>\$ 9,138,850</u>

The Bonds were issued for the purpose of paying the costs of various capital improvements within the District and paying the costs of issuance of the Bonds. Most of the proceeds were used to pay or reimburse Slidell Development Company, L.L.C., the developer, for certain costs of economic development projects (consisting of water, sewer, drainage, roads and related infrastructure projects and other costs of a multi-purpose real estate development consisting of retail, commercial, residential, office, hotel, education and/or medical facilities) in or beneficial to the District.

(5) INTERFUND TRANSFERS

The General Fund transferred \$813,943 to the Debt Service Fund for principal and interest payments on the Revenue Bonds Series 2014 and interest payments on the Revenue Bonds Series 2015.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

(6) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 90, “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61.*” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance.*” The District plans to adopt this Statement as applicable by the effective date. This Statement did not have a material effect on the District's financial statements upon implementation.

The GASB has issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*” The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District plans to adopt this Statement as applicable by the effective date. This Statement did not have a material effect on the District's financial statements upon implementation.

The GASB has issued Statement No. 96, “*Subscription-Based Information Technology Arrangements.*” The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The District plans to adopt this Statement as applicable by the effective date. This Statement did not have a material effect on the District's financial statements upon implementation.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgetary Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes	\$ 750,000	\$ 829,754	\$ 829,754	\$ -
Other revenues, primarily interest	50	6,349	6,349	-
Total revenues	<u>750,050</u>	<u>836,103</u>	<u>836,103</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Current:				
Advertising	500	400	399	1
Accounting and auditing	9,700	10,500	10,500	-
Economic development	6,000	6,000	6,000	-
Sales tax collections fee	9,525	9,542	9,542	-
Total expenditures	<u>25,725</u>	<u>26,442</u>	<u>26,441</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>724,325</u>	<u>809,661</u>	<u>809,662</u>	<u>1</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers out	<u>(724,325)</u>	<u>(813,943)</u>	<u>(813,943)</u>	<u>-</u>
Total other financing sources (uses)	<u>(724,325)</u>	<u>(813,943)</u>	<u>(813,943)</u>	<u>-</u>
Net change in fund balance	-	(4,282)	(4,281)	1
Fund balance, beginning of year	<u>338,420</u>	<u>338,420</u>	<u>338,420</u>	<u>-</u>
Fund balance, end of year	<u>\$ 338,420</u>	<u>\$ 334,138</u>	<u>\$ 334,139</u>	<u>\$ 1</u>

*Note: The Actual on Budgetary Basis amounts above reflect the modified accrual basis of accounting.

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Other revenues, primarily interest	\$ -	\$ 35,527	\$ 35,528	\$ 1
Total revenues	<u>-</u>	<u>35,527</u>	<u>35,528</u>	<u>1</u>
<u>EXPENDITURES:</u>				
Debt service:				
Debt service payments	<u>724,325</u>	<u>817,075</u>	<u>817,075</u>	<u>-</u>
Total expenditures	<u>724,325</u>	<u>817,075</u>	<u>817,075</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(724,325)</u>	<u>(781,548)</u>	<u>(781,547)</u>	<u>1</u>
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	<u>724,325</u>	<u>813,943</u>	<u>813,943</u>	<u>-</u>
Total other financing sources	<u>724,325</u>	<u>813,943</u>	<u>813,943</u>	<u>-</u>
Net change in fund balance	-	32,395	32,396	1
Fund balance, beginning of year	<u>1,035,126</u>	<u>1,035,126</u>	<u>1,035,126</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,035,126</u>	<u>\$ 1,067,521</u>	<u>\$ 1,067,522</u>	<u>\$ 1</u>

OTHER SUPPLEMENTARY INFORMATION

**FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023**

	President Bill Borchert
No compensation, benefits, or other payments	\$ <u><u>-</u></u>

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



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

To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, 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, each major fund, and the aggregate remaining fund information of the Fremaux Economic Development District (the "District"), a component unit of the City of Slidell, Louisiana as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.



To the Board of Commissioners of the
Fremaux Economic Development District
Slidell, Louisiana
December 8, 2023

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

This report is intended solely for the information and use of the Board of Commissioners and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 8, 2023
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Fremaux Economic Development District.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Fremaux Economic Development District were reported in the 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*.
4. A management letter was not issued for the year ended June 30, 2023.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2023.

**FREMAUX ECONOMIC DEVELOPMENT DISTRICT
SLIDELL, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings related to the financial statements for the year ended June 30, 2022.

SECTION II - MANAGEMENT LETTER

There was no management letter issued for the year ended June 30, 2022.