

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

(A Component Unit of the City of Baton Rouge-Parish of East Baton Rouge)

Baton Rouge, Louisiana

FINANCIAL REPORT

December 31, 2023

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Cortana Corridor Economic Development District, State of Louisiana
Baton Rouge, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the **CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT, STATE OF LOUISIANA** (the District) as of and for the year ended December 31, 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 and the General Fund of the District, as of December 31, 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 (GAAS), the *Louisiana Governmental Audit Guide*, 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 Auditors' 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.

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 auditors' 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 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 GAAS, the *Louisiana Governmental Audit Guide*, 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.
- 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 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 budgetary comparison schedule 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.

Management has omitted management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not presented to supplement the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements is not affected by this missing information.

Other 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 the agency head is presented for purposes of additional analysis and are 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 the agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2024, 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 the District's 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 District's internal control over financial reporting and compliance.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2024

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**
Baton Rouge, Louisiana

**STATEMENT OF NET POSITION AND
GENERAL FUND BALANCE SHEET**

December 31, 2023

ASSETS

Cash	\$ <u>1,284,373</u>
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LIABILITIES

Unearned revenue	\$ 66,855
Accounts payable	63,808
Due to other governments	<u>13,274</u>
Total liabilities	<u>143,937</u>

NET POSITION / FUND BALANCE

Unrestricted / Unassigned	<u>1,140,436</u>
Total liabilities and fund balance	<u>\$ 1,284,373</u>

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

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**
Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES AND
GENERAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

For the year ended December 31, 2023

GENERAL REVENUES / REVENUES

Sales and use tax \$ 413,703

EXPENSES / EXPENDITURES

General government:

Professional services 460,507

Management and administrative fees 76,996

Service charges 17

Total expenses / expenditures 537,520

Net change in net position / fund balance (123,817)

NET POSITION / FUND BALANCE

Beginning of year 1,264,253

End of year \$ 1,140,436

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

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**
Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

(See Independent Auditors' Report)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Cortana Corridor Economic Development District, State of Louisiana (the District), a component unit of the City of Baton Rouge/Parish of East Baton Rouge, State of Louisiana (the City-Parish), is an economic development district created in July 2021 by legislation pursuant to Louisiana Revised Statute 33:9038.1. The District is comprised of territories surrounding the previous Cortana Mall in East Baton Rouge Parish, State of Louisiana. The District collects sales and use taxes on transactions within the District in conjunction with planning, developing, construction or acquiring services, improvements or facilities within the District's boundaries. The taxes collected will serve as a funding source for the Cortana Corridor Master Plan which supports economic development within the District and enhances community development in the City-Parish.

Reporting Entity

Governmental accounting standards established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. A component unit is a government who is financially accountable to another government or one for which another government can exert influence over its budget and operations.

The City-Parish is the financial reporting entity of the District. The City-Parish appoints three of the five board members, which the council member presiding over District 6 of the City-Parish (the City-Parish district covers the geographical region of the District) appoints the other two members. Additionally, the annual operating budget of the District is required to be approved by the City-Parish in conjunction with the City-Parish's legally adopted budget. As a result, the City-Parish can impose its will on the District. Accordingly, the District is deemed to be a component unit of the City-Parish.

The District does not have any component units.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all non-fiduciary activities of the District. The government-wide presentation focuses primarily on the sustainability of the government as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental activities are financed through sales and use tax revenues.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Government-wide Financial Statements (Continued)

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 business-type activity, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items are not included among program revenues are reported instead as general revenues.

Fund Financial Statements

The fund financial statements are very similar to the traditional government fund statements as prepared by governments prior to the issuance of GASB No. 34. Emphasis is now on the major funds in either the governmental or business-type categories. The District consists of one governmental fund, the General Fund.

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Basis of Accounting and Measurement Focus

Governmental-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included in the balance sheet. The operating statement of the General Fund presents increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting. Governmental funds revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meet's the government's availability criteria (susceptible to accrual). "Available" means collectible within the current period or within 60 days after year-end.

Sales and use tax revenue associated with the current fiscal period is considered to be susceptible to accrual and has been recognized as revenue of the current fiscal period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

Sales Tax Revenue Receivable

All sales and use tax receivables are recorded at actual amounts and are reported at fair value. The District believed that all receivables were collectible at December 31, 2023, thus, no allowance for doubtful receivables is reported in the financial statements.

Government-wide Net Position

Government-wide net position is divided into three components:

- Net investment in capital assets - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets. The District has no net investment in capital assets at year end.
- Restricted net position - consist of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors. The District has no restricted net position at year end.
- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances

In the general fund financial statements, fund balances are classified as follows:

- Nonspendable - Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. The District has no nonspendable fund balance at year end.
- Restricted - Amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. The District has no restricted fund balance at year end.
- Committed - Amounts that can be used only for specific purposes determined by a formal action by ordinance. This includes the budget reserves. The District has no committed fund balance at year end.
- Assigned - Amounts that are designated by the District for a particular purpose but are not spendable until a budget ordinance is passed. The District has no assigned fund balance at year end.
- Unassigned - All amounts not included in other spendable classifications.

Use of Restricted Resources

When an expense is incurred in governmental funds that can be paid using either restricted or unrestricted resources (fund balance), the District's policy is to apply the expenditure in the following priority: (1) Restricted fund balance, (2) Committed fund balance, (3) Assigned fund balance, and (4) Unassigned fund balance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Restricted Resources (Continued)

When an expense is incurred in government activities that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense to the restricted net position before unrestricted net position is utilized.

The District received no restricted resources as of December 31, 2023.

Cash and Cash Equivalents

Cash and cash equivalents of the District includes demand deposits held at financial institutions. The District has no cash equivalents at December 31, 2023.

Due From Other Governments

In the government-wide statements, due from other governments consist of all revenues earned at year-end and not yet received. For governmental activities, uncollectible amounts owed from other governments are recognized when amounts are deemed to be uncollectible.

Revenue and Expenditures/Expenses

General revenues consisted primarily of sales and use tax revenue (see Note 3 *Cooperative Endeavor Agreement*).

Under the accrual basis of accounting, expenditures are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources/expenditures rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Budget Policy and Budgetary Accounting

A proposed budget is required to be prepared by the District and submitted to the City-Parish for approval prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is required to be published with the public hearing being conducted prior to the commencement of the budget year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy and Budgetary Accounting (Continued)

The annual operating budget, prepared on the modified accrual basis, covers the general fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the City-Parish.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget. A budget was not adopted for the year then ended December 31, 2023.

Current Accounting Standards Implemented

Subscription-Based Information Technology Arrangements

During the year, the District implemented policies established under GASB Statement No. 96, *Subscription-based information technology arrangements, (SBITAs)*. Subscription-based information technology arrangements (SBITAs) are a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. SBITA are amortized over the terms of the agreement. The District has not entered into any material agreements gaining control of the right to use another party's information technology as described above during the year ended December 31, 2023. Implementation of those standards had no effect on the District's 2023 financial statements.

Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective January 1, 2023, the District implemented policies under GASB Statement No. 94, *Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)*, which is based on the standards established in GASB Statement No. 87, *Leases*. PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction. APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not entered into any public-private or public-public partnership arrangements or availability payment arrangements as defined by GASB Statement No. 94. Therefore, the implementation of this statement has not had an impact on the District's financial statements at December 31, 2023.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through June 18, 2024, which was the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be recovered. Under state law, deposits must be secured by Federal Deposit Insurance Corporation (FDIC) or the pledge of securities owned by the fiscal agent bank. As of December 31, 2023, the District had a bank balance of \$1,284,373. The District had no deposits exposed to custodial risk at December 31, 2023.

NOTE 3 - COOPERATIVE ENDEAVOR AGREEMENT

Agreement with City of Baton Rouge/Parish of East Baton Rouge, State of Louisiana

On October 1, 2021, the District entered into the Cooperative Endeavor Agreement (CEA) with the City-Parish. The District was created by the East Baton Rouge Redevelopment Authority D/B/A Build Baton Rouge (BBR) board as authorized by R.S. 33:4720.151. The District receives incremental city sales and use taxes in excess of the monthly local base within the District. According to the terms of the CEA, on an accrual basis, the District shall receive the sales and use taxes collected in excess of the monthly local base of \$414,088 or \$4,969,056 annually. The District's sales and use taxes are primarily generated from the construction of the Amazon fulfillment center and other businesses located on Cortana Plaza in Baton Rouge, Louisiana. The City-Parish imposes a five percent administrative fee on the revenue received by the District for administering and collecting the taxes.

NOTE 4 - UNEARNED REVENUE

The City-Parish levies and collects two percent sales and use taxes for transactions occurring within the defined geographic region of the District on behalf of the District.

During the year, the District received additional funds related to the sales and use tax from the City-Parish. These funds are reported as unearned revenue in the statement of net position and General Fund balance sheet until the sales and use taxes have been earned. As of December 31, 2023, the District has an unearned revenue balance of \$66,855 from over payment of sales tax proceeds received from the City-Parish.

NOTE 5 - CONCENTRATION

The District receives the entirety of its funding from sales and use taxes generated in a specified geographic region in East Baton Rouge Parish. Any economic downturn or natural disaster impacting this geographic region could pose an adverse effect to the sales and use tax collected by the District, and in turn, the District's operations.

NOTE 6 - SUBSEQUENT EVENT

On April 15, 2024, the District entered into the Cooperative Endeavor Agreement (CEA) with the State Treasury. The District will receive a total of \$250,000 from the State Treasury to provide funding for redevelopment activities for a community center in District 6 of East Baton Rouge Parish to create a shovel-ready real estate development plan and project site. According to the terms of the CEA, the District will receive the initial funds based on receipt of the first quarter progress.

NOTE 7 - COMMITMENTS

Perkins & Will

On May 31, 2023, the District entered into an agreement with a third-party consulting agency for the development of a strategic plan for the District. The strategic plan will develop a set of context-sensitive corridor concepts, strategies, and actionable steps to help transform the study area into a multi-model corridor with hospitable urban design for all-ages and abilities. The strategic plan will center equity and incentivize development and redevelopment opportunities that help close the racial wealth-gap, provide stronger community connectivity, and improve access to economic opportunities, housing choices at varying levels of affordability, and jobs. The estimated cost of this contract is \$851,500 and will be invoice monthly as work progresses from June 2023 through June 2024, which is the estimated completion date. As of December 31, 2023, the remaining contract balance is approximately \$404,000.

NOTE 8 - RELATED PARTY

The District was created by the East Baton Rouge Redevelopment Authority D/B/A Build Baton Rouge (BBR) board as authorized by R.S. 33:4720.151. On May 19, 2022, the District entered into an Administrative Service Agreement with BBR to perform administrative activities that are necessary in order for the District to fulfill its duties and mission. According to the terms of the agreement, the District compensates BBR \$2,000 per month plus third-party costs, fees, and expenses.

On May 18, 2023, the Board authorized the District to contract with BBR for managing the Master Plan for the Florida Corridor. The estimated total of this project is \$108,000, which has a duration of eighteen months. According to the terms of the agreement, the District will compensate BBR \$18,000 per quarter, beginning June 2023.

NOTE 8 - RELATED PARTY (CONTINUED)

For the year ended December 31, 2023, the District compensated BBR \$66,000 related to administrative and management fees. At December 31, 2023, the District owes BBR \$13,274 and is presented on the statement of net position and General Fund balance sheet under due to other governments.

NOTE 9 - COMPENSATION OF GOVERNING BOARD

The five members of the District's Board of Commissioners serve without compensation.

REQUIRED SUPPLEMENTARY INFORMATION

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**
Baton Rouge, Louisiana

**GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Sales and use tax	\$ -	\$ -	\$ 413,703	\$ 413,703
EXPENDITURES				
General government:				
Professional services	-	-	460,507	(460,507)
Management and administrative fees	-	-	76,996	(76,996)
Service charges	-	-	17	(17)
Total expenditures	-	-	537,520	(537,520)
Net change in fund balance	\$ -	\$ -	(123,817)	\$ (123,817)
FUND BALANCE				
Beginning of year			1,264,253	
End of year			\$ 1,140,436	

The notes to required supplementary information are an integral part of this schedule.

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2023

NOTE 1 - BUDGETS

Budget Policy and Budgetary Accounting

A proposed budget is required to be prepared by the District and submitted to the City-Parish for approval prior to the beginning of each fiscal year. A budget summary and notice of a public hearing is required to be published with the public hearing being conducted prior to the commencement of the budget year.

The annual operating budget, prepared on the modified accrual basis, covers the general fund. At the end of the fiscal year, unexpended appropriations automatically lapse. Budget amendments are approved by the City-Parish.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be designated for expenditures of the subsequent year. Such designation represents the extent to which the fund balance is used to balance the subsequent year's operating budget of that fund, as reflected in the legally adopted budget. A budget was not adopted for the year then ended December 31, 2023.

Basis of Accounting

The District's budget is prepared on the modified accrual basis of accounting, which is described in Note 1 to the District's financial statements for the year ended December 31, 2023. The District's basis of budgetary accounting follows generally accepted accounting principles.

OTHER SUPPLEMENTARY INFORMATION

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

For the year ended December 31, 2023

Agency Head: Rodney Braxton, Board Chairman

Agency head receives no compensation.

OTHER INDEPENDENT AUDITORS' REPORT

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

The Board of Commissioners
Cortana Corridor Economic Development District, State of Louisiana
Baton Rouge, Louisiana

We have audited, 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, and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and General Fund of the **CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT, STATE OF LOUISIANA** (the District) as of and for the year ended December 31, 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 June 18, 2024.

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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as item 2023-001 and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* and is described in the accompanying schedule of findings and recommendations as item 2023-002.

The District's Response to Findings

Louisiana Governmental Audit Guide and *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Louisiana Governmental Audit Guide* and *Government Auditing Standards* in considering the District'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 District's Board of Commissioners and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2024

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2023

- 1) Summary of Auditors' Results:
 - A) The type of report issued on the financial statements: **Unmodified opinion.**
 - B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **None reported.**
 - C) Material weaknesses: **2023-001 and 2023-002.**
 - D) Noncompliance that is material to the financial statements: **2023-002.**
- 2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2023-001.**
- 3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2023-002.**

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2023

4) FINDINGS - FINANCIAL STATEMENT AUDIT AND COMPLIANCE

2023-001 Internal Control over Financial Reporting

Fiscal Year Finding Originated: 2023

Criteria: The District's management is responsible for establishing and maintaining adequate internal controls over financial reporting to ensure the financial statements are free from material misstatements.

Condition: Material adjusting entries were required to fairly present the District's financial statements related to sales and use tax revenues and amounts due from the City-Parish.

Cause: The District did not properly account for sales and use tax revenues due from the City-Parish at year end.

Effect: Without adequate internal controls over financial reporting, the District's financial statements may contain material misstatements. Such misstatements could lead management and governance to make decisions based on inaccurate financial information.

Recommendation: The District should implement internal controls over financial reporting to ensure all major account balances are reconciled to appropriate supporting documentation in an ongoing and timely manner. Accurate financial reporting will allow management and governance to make better informed decisions as it pertains to monitoring budgets, forecasting, and other financial matters. Financial statements should be reviewed by management on a monthly basis, at minimum, to ensure all pertinent information is recorded and monitored on an ongoing basis.

Additionally, the District should establish written policies and procedures over the following matters identified as exceptions in the Independent Accountants' Report on Applying Agreed-Upon Procedures:

- Receipts,
- Standard terms and conditions regarding contracting,
- Travel and expense reimbursements, and
- Information technology and disaster recovery

View of Responsible Officials: The District will implement internal controls over financial reporting to ensure the financial statements are monitored and reviewed on an ongoing basis to prevent material misstatements. Additionally, the District will establish written policies and procedures identified in the recommendation.

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2023

2023-002 Local Government Budget Act

Fiscal Year Finding Originated: 2022

Criteria: In accordance with Louisiana Revised Statute 39:1302 and 39:109, *Local Governmental Budget Act (LGBA)*, political subdivisions are required to prepare and legally adopt a budget for the general fund.

Condition: A budget for the General Fund was not adopted by the District for the year ended December 31, 2023.

Cause: The District failed to adopt a budget for the General Fund for the year ended December 31, 2023.

Effect: The District is not compliant with the *LGBA*.

Recommendation: We recommend that the District comply with the *LGBA*, and as described in item 2023-001, monitor budgetary performance on an ongoing basis to ensure budgets are amended appropriately, and maintain future compliance with the *LGBA*.

Views of responsible officials: Management concurs with the recommendation above. Furthermore, the 2024 budget was approved in December 2023. Management considers this finding resolved.

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2023

2022-001 Local Government Budget Act

This finding has been reclassified as 2023-002.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

Baton Rouge, Louisiana

For the year ended December 31, 2023

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
Cortana Corridor Economic Development District, State of Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by **CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT, STATE OF LOUISIANA** (the District) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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 schedule of exceptions are as follows:

1) Written Policies and Procedures:

- A. 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:
 - i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***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.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***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).

- v. **Payroll/Personnel**, including (1) payroll processing, and (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.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **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, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee:

- A. Obtain and inspect the board/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:
 - i. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - ii. 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.
 - iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations:

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii. 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 within one month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections:

- A. 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).
- B. 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:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. 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.
 - iii. 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.

- iv. 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 verifies the reconciliation.
- C. 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.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3A 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. 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 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5) Non-Payroll Disbursements (excluding credit card purchases, travel reimbursements, and petty cash purchases):

- A. 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).
- B. For each location selected under #5A 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:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. 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.
 - iv. 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; and

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under #5A 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:
- i. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards:

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.
- B. 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:
- i. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management

had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased security.

7) Travel and Travel-Related Expense Reimbursement (excluding card transactions):

- A. 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:
 - i. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts:

- A. 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:
 - i. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that 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).
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel:

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:
 - i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii. Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv. Observe the rate paid to the employees of officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

10) Ethics:

- A. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above: obtain ethics documentation from management, and:
 - i. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

- ii. 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.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service:

- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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).

12) Fraud Notice:

- A. 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.
- B. Observe that 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.

13) Information Technology Disaster Recovery/Business Continuity:

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. 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.

- iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
 - C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment

14) Prevention of Sexual Harassment:

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. 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).
- C. 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:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended December 31, 2023

Exceptions:

No associated findings were found as a result of applying the procedures listed above, except as follows:

1) Written Policies and Procedures:

A (iii, iv, viii, and xi) The District does not have any written policies or procedures concerning these areas.

A(vi)(2) The District's policy regarding contracting does not address standard terms and conditions.

2) Board or Finance Committee:

A (i) The District did not meet monthly for each month during the year.

A (ii) No budget was adopted for the 2023 fiscal year.

3) Bank Reconciliations:

A The one bank reconciliation selected was not prepared within two months of the financial statement closing date.

B The one bank reconciliation selected did not include written evidence that they were reviewed within one month of preparation.

5) Non-Payroll Disbursements (excluding credit card purchases, travel reimbursements, and petty cash purchases):

B (i through v) The performance segregation of duties defined as in procedure 5A was not documented on the information observed.

10) Ethics:

A (i) Of the five board members selected, two did not have documentation that the required ethics training for the year was completed.

B The District did not appoint an ethics designee as required.

12) Fraud Notice:

B The District does not have a website or physical premise.

(continued)

**CORTANA CORRIDOR ECONOMIC DEVELOPMENT DISTRICT,
STATE OF LOUISIANA**

Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS (CONTINUED)

For the year ended December 31, 2023

13) Information Technology Disaster Recovery/ Business Continuity

A (ii) The District did not perform backups within the past 3 months.

14) Sexual Harassment:

A Of the five board members selected, two did not have documentation that they completed the required sexual harassment training for the year.

C The annual sexual harassment report for the fiscal year was dated after February 1.


Management's Response:

Management of the District concurs with the expectations identified and are in the process of addressing these matters.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the District and to meet our 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.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 18, 2024