
VISIT BATON ROUGE

FINANCIAL REPORT

DECEMBER 31, 2022

VISIT BATON ROUGE

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Visit Baton Rouge
Baton Rouge, Louisiana

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Visit Baton Rouge (VBR) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise VBR's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Visit Baton Rouge, as of December 31, 2022, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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 VBR'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 GAAS 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 GAAS 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 VBR'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 VBR'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 management's discussion and analysis, schedule of funding progress and employer contributions for other post-employment benefit plan, and the budgetary comparison information on pages 4-8, 25, and 26, respectively, be presented to supplement the basic financial statements.



Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Visit Baton Rouge basic financial statements. The schedule of compensation, benefits and other payments to the Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of compensation, benefits and other payments to the Chief Executive Officer is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits and other payments to the Chief Executive Officer is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023 on our consideration of VBR's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 VBR's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2023

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

This section of Visit Baton Rouge's (VBR) annual financial report presents our discussion and analysis of VBR's financial performance during the fiscal year that ended on December 31, 2022. Please read it in conjunction with VBR's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- VBR's net position was \$8,675,571 for governmental activities at December 31, 2022, an increase of 5.5% from net position, restated, as of December 31, 2021 of \$8,201,299.
- During December 2021, VBR received a Tourism Revival Grant from the Louisiana Division of Administration administered through the Coronavirus State Fiscal Recovery Fund of the American Rescue Plan (ARP) in the amount of \$3,683,253. Since no amounts were spent during 2022, an unearned liability is reported for the grant proceeds.
- The overall increase in VBR's net position of \$474,272 can be attributed primarily to an increase in funds based on tourism increasing with more events and concerts being held in the City.
- The general fund ended the years 2022 and 2021 with a \$8,280,002 and \$7,600,631 fund balance which represents approximately 126% of annual expenditures each year. Of that balance, \$7,686,914 and \$4,117,083, respectively, was unassigned and available for general use.
- VBR identified an adjustment to accounts payable as of December 31, 2021 to increase net position by \$141,532 in the General Fund. See note 15.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of VBR:

- The government-wide financial statement of net position and statement of activities provide long-term information about VBR's overall financial status and economic condition.
- The fund financial statements focus on the general fund and the special revenue fund of VBR. These financial statements provide a short-term picture of VBR's financial condition, telling how VBR fared in meeting its current operating needs, and how much is available for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Financial Statements

The government-wide statements report information about VBR as a whole using accounting methods similar to those used by private-sector companies. The government-wide statements report VBR's net position and how they have changed. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Net position — the difference between VBR's assets and liabilities — is one way to measure VBR's financial health, or position. Over time, increases or decreases in VBR's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of VBR, one needs to consider additional nonfinancial factors such as changes in the tourism climate that affects VBR's hotel/motel tax revenues, and the local economy.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Fund Financial Statements

The fund financial statements present VBR's funds – the general fund and the special revenue fund (Tourism Revival Fund). Funds are accounting devices used to keep track of specific sources of funding and spending for particular purposes. VBR's general fund and special revenue fund are governmental-type funds and, as such, follow the modified accrual basis of accounting. Under this accounting basis, the focus is on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, governmental fund statements provide a detailed short-term view that helps one determine whether there are more or less financial resources that can be spent in the near future to finance VBR's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide adjustment columns to bridge the differences between the two statements and to provide explanations of the relationship.

FINANCIAL ANALYSIS OF VBR

Table A-1		
Net Position		
	2022	(Restated) 2021
Cash, investments, and other assets	\$ 12,151,356	\$ 11,756,626
Capital assets	1,326,557	1,383,518
Deferred outflow	254,541	288,736
Total assets and deferred outflows	13,732,454	13,428,880
Accounts payable	229,997	331,210
Unearned funds	3,683,257	3,683,253
Long term liabilities	994,127	1,192,080
Deferred inflow	149,502	21,038
Total liabilities and deferred inflows	5,056,883	5,369,113
Net position		
Net investment in capital assets	988,657	1,006,218
Unrestricted	7,686,914	7,195,081
Total net position	\$ 8,675,571	\$ 8,201,299

A substantial portion of the assets of VBR are liquid and generally available for spending. Amounts invested in capital assets consist primarily of a renovated office building, office furniture and vehicles.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Change in net position

VBR's change in net position, or overall net gain, was \$474,272. The change in net position results from revenues exceeding expenses. The net gain is primarily attributable to tourism increasing during the year as more events were held.

Hotel-Motel taxes of \$6,989,433 reflect a 7.9% increase over 2021 revenues. Hotel-Motel taxes represent 98.6% and 96.5% of total revenues for 2022 and 2021, respectively.

Table A-2 shows the composition of revenues and summarizes the expenses for the years ended 2022 and 2021.

Table A-2		
Changes in VBR's		
Net Position		
	2022	Restated 2021
Revenues		
General revenues		
Hotel-Motel taxes	\$ 6,989,433	\$ 6,480,794
Interest	91,303	6,876
Miscellaneous	7,587	12,187
Total general revenues	7,088,323	6,499,857
Other revenues		
Paycheck protection program Proceeds	-	212,912
Total revenues	7,088,323	6,712,769
Expenses		
Payroll	1,811,239	1,612,779
Promotions	3,748,343	1,654,746
General and Administrative	901,252	925,167
City tax rebates	153,217	193,677
Total expenses	6,614,051	4,527,901
Increase in net position	\$ 474,272	\$ 2,326,400

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Change in net position (continued)

Payroll and promotional activities together represent 84.1% and 72.1% of total expenses in 2022 and 2021, respectively, underscoring the importance of quality employees to promote and sell Baton Rouge as a tourism and convention destination.

Financial Analysis of the General Fund

VBR completed the years ended 2022 and 2021 with a general fund balance of \$8,280,002 and \$7,600,631, respectively. Of the 2022 fund balance, \$5,619,823 has been set-aside by the Board for various functions, \$276,416 has been disbursed and is recorded as a prepaid asset, and \$2,383,763 is available for general use. The unassigned fund balance is the result of an accumulation of prior year operating surpluses and will allow VBR to continue operations in times of decreasing revenue and to pursue other projects as it may deem appropriate.

General Fund Budgetary Highlights

Under the budget, the general fund operated at a net surplus of \$537,839 which was \$967,824 more favorable than the budgeted deficit of \$429,985. This favorable result is attributable to VBR receiving more tax revenues over the budget amount and due to less spending then budgeted by VBR for a capital outlay project that was delayed until fiscal year 2023. See note 12.

CAPITAL ASSETS

At the end of December 31, 2022 and 2021, VBR had invested \$1,326,557 and \$1,383,518 respectively, in a building, office equipment and vehicles. See Table A-3. This amount represents a net increase (including additions and deductions) of \$21,022 or 1% from last year.

	Table A-3	
	VBR's Capital Assets	
	(net of depreciation)	
	(See also Note 4 in the financial statements)	
	2022	2021
Equipment and software	\$ 498,056	\$ 477,034
Building	1,453,790	1,453,790
Land	220,000	220,000
Accumulated depreciation	<u>(845,289)</u>	<u>(767,306)</u>
Total	\$ 1,326,557	\$ 1,383,518

LONG TERM DEBT

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow \$1,000,000 for the purpose of paying for the improvement, renovation and equipping of the new headquarters of VBR. VBR utilized \$750,000 of the \$1,000,000 available. The outstanding balance at December 31, 2022 and 2021 was \$337,900 and \$377,300, respectively.

VISIT BATON ROUGE
BATON ROUGE, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

LONG TERM DEBT (continued)

On January 29, 2021, VBR signed a Revenue Note, Series 2021 which has a maximum total amount of draw available to VBR for year ending December 31, 2021 which is less than or equal to \$500,000; for the year ending December 31, 2022 shall be less than or equal to \$1,500,000; and for the year ending December 31, 2023 shall be maximum loan amount minus total principal amount of all draws made in years ending December 31, 2021 and December 31, 2022. The purpose of this note is for financing current and future operations and expenses in current and future fiscal years to ensure continuity of operations. The amount outstanding as of December 31, 2022 is \$100,000.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In 2013, Visit Baton Rouge approved the funding of post-employment medical and long term care for retired employees for the first time. Prior to 2013, no benefits of any type were offered to retired employees. During fiscal year ended December 31, 2018, Visit Baton Rouge implemented GASB 75. At December 31, 2022 and 2021 the other post-employment benefit obligation was \$598,127 and \$714,780, respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

VBR's primary source of revenue is the Hotel-Motel tax. Revenues for 2023 has been budgeted based on known amounts for 2022 plus estimates for remaining periods. The budget was estimated at a conservative increase of hotel revenue however still considering industry predictions. The budget also increased expenditures due to an increase in direct promotional costs and some increases in administrative expenditures. VBR expects more conventions, concerts and other events to return to the area due to less restrictions from previous year. VBR will continue to monitor the budget and amended it as necessary.

CONTACTING VBR'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and other constituents with a general overview of VBR's finances and to demonstrate VBR's accountability for the money it receives. If you have questions about this report or need additional financial information, contact VBR's Chief Executive Officer, Jill Kidder, 359 Third Street, Baton Rouge, LA 70801 – (225) 383-1825.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS BALANCE SHEET AND
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	General Fund	Tourism Revival Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,713,281	\$ 3,683,257	\$ -	\$ 5,396,538
Investments - board designated	5,619,823	-	-	5,619,823
Receivables	858,579	-	-	858,579
Prepaid expenses	276,416	-	-	276,416
Capital assets, net of accumulated depreciation	-	-	1,326,557	1,326,557
TOTAL ASSETS	8,468,099	3,683,257	1,326,557	13,477,913
<u>DEFERRED OUTFLOWS</u>				
	-	-	254,541	254,541
<u>LIABILITIES</u>				
Accounts payable	188,097	-	-	188,097
Unearned revenues	-	3,683,257	-	3,683,257
Long-term liabilities				
Due within one year	-	-	41,900	41,900
Due in more than one year	-	-	396,000	396,000
Total other post-employment benefit obligation	-	-	598,127	598,127
TOTAL LIABILITIES	188,097	3,683,257	1,036,027	4,907,381
<u>DEFERRED INFLOWS</u>				
	-	-	149,502	149,502
<u>FUND BALANCES/NET POSITION</u>				
Nonspendable - prepaids	276,416	-	(276,416)	-
Committed	5,619,823	-	(5,619,823)	-
Unassigned	2,383,763	-	(2,383,763)	-
TOTAL FUND BALANCE	8,280,002	-	(8,280,002)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,468,099	\$ 3,683,257		
Net position:				
Net investment in capital assets			988,657	988,657
Unrestricted			7,686,914	7,686,914
TOTAL NET POSITION			\$ 8,675,571	\$ 8,675,571

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total fund balances - Governmental funds		\$ 8,280,002
Cost of capital assets at December 31, 2022	2,171,846	
Less: accumulated depreciation as of December 31, 2022	<u>(845,289)</u>	1,326,557
Total other post-employment benefits obligation		(598,127)
Deferred inflows of resources related to OPEB liability		(149,502)
Deferred outflows of resources related to OPEB liability		254,541
Revenue Note, Series 2021		(100,000)
Contract payable		(337,900)
Net position at December 31, 2022 - Governmental Activities		<u><u>\$ 8,675,571</u></u>

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Tourism Revival Fund	Adjustments	Statement of Activities
Expenditures/expenses:				
Current: Tourism				
Salaries and commissions	\$ 1,310,711	\$ -	\$ -	\$ 1,310,711
Payroll taxes and benefits	454,522	-	46,006	500,528
Advertising and promotion	2,958,155	-	-	2,958,155
Trade shows and FAM/Site visits	100,118	-	-	100,118
Special promotions	690,070	-	-	690,070
General and administrative	809,862	-	-	809,862
City tax rebate	153,217	-	-	153,217
Depreciation expense	-	-	77,983	77,983
Debt service:				
Interest expense	13,407	-	-	13,407
Principal retirement	39,400	-	(39,400)	-
Capital outlay	21,022	-	(21,022)	-
Total expenditures/expenses	<u>6,550,484</u>	<u>-</u>	<u>63,567</u>	<u>6,614,051</u>
General revenues:				
Tax revenue	6,989,433	-	-	6,989,433
Interest income	91,303	-	-	91,303
Miscellaneous income	7,587	-	-	7,587
Total general revenues	<u>7,088,323</u>	<u>-</u>	<u>-</u>	<u>7,088,323</u>
Excess of revenues over expenditures/ change in net position	<u>537,839</u>	<u>-</u>	<u>(63,567)</u>	<u>474,272</u>
Fund balance/net position				
Beginning of year	7,600,631	-		8,059,767
Prior period adjustment	141,532			141,532
End of year	<u>\$ 8,280,002</u>	<u>\$ -</u>		<u>\$ 8,675,571</u>

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Excess of revenues over expenditures	\$	537,839
The change in net position reported for governmental activities in the statement of activities is different because of:		
Capital assets:		
Capital assets acquired for the year ended December 31, 2022	21,022	
Depreciation expense for year ended December 31, 2022	<u>(77,983)</u>	(56,961)
Total other post-employment benefit obligation change and associated deferrals		(46,006)
Long Term Debt:		
Principal portion of debt service payments		<u>39,400</u>
Change in net position	\$	<u><u>474,272</u></u>

The accompanying notes are an integral part of this statement.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

Visit Baton Rouge (VBR) is a governmental entity established to promote travel and tourism in the Baton Rouge area. VBR is also responsible for attracting conventions to Baton Rouge. The basic operations of VBR are financed by hotel-motel taxes.

Reporting Entity

Governmental Accounting Standards Board (GASB) Codification Section 2100, establishes criteria for determining the governmental reporting entity and component units that should be included within a reporting entity. Under provisions of this Statement, VBR is considered a primary government, since it is a special purpose government that has a separately appointed governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB, fiscally independent means that VBR may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. VBR also has no *component units*, defined by the standards as other legally separate organizations for which the elected VBR members are financially accountable. There are no other primary governments with which VBR has a significant relationship. VBR is not a component unit of any other entity.

Allowance for Uncollectible Accounts

Allowance for uncollectible accounts is established based on prior experience and management's assessment of collectability. Management believes all accounts are collectible at December 31, 2022.

Basis of Presentation and Accounting

VBR's basic financial statements consist of the government-wide statements of the primary government. The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. The following are VBR's governmental fund types:

Governmental Fund Types:

VBR reports the following governmental funds as major funds:

General Fund: The General Fund is the general operating fund of VBR. It accounts for all financial resources except those required to be accounted for in other funds. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Tourism Revival Fund: The Tourism Revival Fund accounts for the grant received related to the American Rescue Plan Act (ARP) funding from the Coronavirus State Fiscal Recovery Fund. The grant is for marketing and promoting Louisiana as a tourism destination for in-state and out-of-state travel activity. Tourism Revival Funds were applicable to VBR during fiscal year ended December 31, 2022 and 2021. This is considered a special revenue fund.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Accounting (continued)

Government-Wide Financial Statements (GWFS): The government-wide financial statements consisting of the statement of net position and the statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability has been incurred, regardless of the timing of the related cash flows. These statements include the financial activities of the overall government.

The statement of net position presents the assets, deferred outflows, liabilities and deferred inflows of VBR, with the difference reported as net position. Net position is further segregated between the amounts invested in capital assets, amounts which are restricted, and amounts which are unrestricted.

The statement of activities presents a comparison between expenses and program revenues for VBR's governmental activities. Program revenues include charges paid by the recipients of goods or services offered by VBR.

Fund Financial Statements (FFS): The fund financial statements provide information about VBR's general fund and special revenue fund. As a governmental fund type, the general fund and special revenue fund statements' measurement focus is on the flow of current financial resources, and the modified accrual basis of accounting is used. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available").

"Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets (fund balance).

Accounting standards require governmental fund balances to be reported in as many as five classifications as listed below:

Nonspendable – represents amounts that are not expected to be converted to cash because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – represents balances where constraints have been established by parties outside VBR or imposed by law through constitutional provisions or enabling legislation.

Committed – represents balances that can only be used for specific purposes pursuant to constraints imposed by formal action of VBR's highest level of decision-making authority.

Assigned – represents balances that are constrained by VBR's intent to be used for specific purposes, but are not restricted nor committed.

Unassigned – represents balances that have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the general fund.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation and Accounting (continued)

Net Position

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those restricted assets. The restricted component of net position is used when there are limitations imposed on their use of an asset by external parties such as creditors, grantors, laws or regulations of other governments.

The *unrestricted* component of Net Position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of Net Position.

When both restricted and unrestricted resources are available for use for a particular project or purpose, it is VBR's policy to use restricted resources first, then unrestricted resources as they are needed.

Deferred Outflows/Inflows of Resources

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

Estimates

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

Budgets and Budgetary Accounting

VBR adopts an annual budget that is prepared on the modified accrual basis of accounting for the General Fund used in VBR's operations. The budgets are adopted by the board of directors at the December meeting proceeding the next fiscal year. Any revisions that alter the total expenses must be approved by the board of directors. Since most budgeted projects occur within one fiscal year, VBR typically does not have any carryovers of appropriated expenditures into future fiscal years.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

All full-time employees earn from 10 to 15 days of vacation leave each year, depending on length of service with VBR. Vacation leave cannot be accumulated. Upon separation, all earned unused vacation leave for that year will be paid.

All full-time employees earn 10 days of sick leave each year. Sick leave may be accumulated not to exceed 20 work days. If an employee resigns or is terminated, the employee will not be paid for any unused sick leave.

The cost of compensated absence privileges is recognized as a current year expenditure in the General Fund when leave is actually taken.

Capital Assets

All capital assets are capitalized at historical cost, or estimated historical costs for assets where actual historical cost is not available. Capital assets are recorded in the GWFS, but are not reported in the FFS. All capital assets are depreciated using the straight-line method over their estimated lives. Useful lives vary from 3 to 15 years for VBR's equipment, software and automobiles. The useful life for the building is 40 years. Capital assets are depreciated once they are placed in service, except for assets purchased after July 1. Those assets purchased after July 1 are depreciated beginning the following year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. Costs are recorded as expenditures at the time individual items are consumed (consumption method).

Unearned Revenue

Unearned revenues arise when resources are received by VBR before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when VBR has a legal claim to the resources, the unearned revenue is removed from the Statement of Net Position and revenue is recognized.

Current Year Adoption of New Accounting Standard

VBR adopted GASB Statement No. 87 *Leases*, during the current year. Under this Statement, lease contracts, as defined, are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, and a lessee recognizes a lease liability and intangible right-to-use asset, thereby enhancing the relevance and consistency of information about governments' leasing activities. Lease receivables as well as lease liabilities are measured at the present value of lease payments over the term of each respective contract. Options to renew the lease are included in the lease term if reasonably certain to be exercised. The adoption of this standard did not have a material impact on VBR's financial statements and related note disclosures as of the implementation date and as of June 30, 2022.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

2. BOARD MEMBER COMPENSATION

The Board Members of VBR did not receive any compensation during 2022.

3. CASH AND INVESTMENTS

Deposits:

Custodial credit risk is the risk that in the event of a financial institution failure, VBR's deposits may not be returned to them. To mitigate this risk, state law requires deposits to be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent financial institution. VBR had no custodial credit risk as of December 31, 2022.

Securities that may be pledged as collateral consist of obligations of the U.S. Government and its agencies, obligations of the State of Louisiana and its municipalities and school districts.

Investments:

The \$5,619,823 in cash- board designated is invested in LAMP. LAMP is considered to be an external investment pool administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The following facts are relevant for LAMP:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 70 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 22 days as of December 31, 2022.
- Foreign currency risk: Not applicable.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

3. **CASH AND INVESTMENTS** (continued)

Investments: (continued)

LAMP values its investments at fair value based on quoted market values. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares which approximates net asset value (NAV).

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company.

An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

4. **CAPITAL ASSETS**

	<u>2022</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Equipment, software, and automobile	\$ 477,034	\$ 21,022	\$ -	\$ 498,056
Building	1,453,790	-	-	1,453,790
Land	220,000	-	-	220,000
	<u>\$ 2,150,824</u>	<u>21,022</u>	<u>-</u>	<u>\$ 2,171,846</u>
Less: Accumulated Depreciation	<u>\$ 767,306</u>	<u>77,983</u>	<u>-</u>	<u>\$ 845,289</u>
Net Capital Assets	<u>\$ 1,383,518</u>			<u>\$ 1,326,557</u>

5. **COMMITTED FUND BALANCE**

The board has committed \$5,619,823 of fund balance for special projects, operations, OPEB L/T retirement and building repairs. Separate accounts have been established to hold assets earmarked for these committed purposes. A summary of these accounts is as follows:

	<u>2022</u>			
	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
LAMP – Special Project Account	\$ 1,043,617	747,763	(-)	\$ 1,791,380
LAMP – Contingency Fund	1,700,000	994,619	(22,577)	2,672,042
LAMP – OPEB L/T Retirement	67,852	86,247	(-)	154,099
LAMP – Building Repair Account	500,000	508,942	(6,640)	1,002,302
	<u>\$ 3,311,469</u>	<u>\$ 2,337,571</u>	<u>(\$ 29,217)</u>	<u>\$ 5,619,823</u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

6. **RETIREMENT PLAN**

The contribution percentage was 10% of each eligible employee’s salary, effective September 1, 2021. In order to be eligible under the 457 Deferred Compensation Retirement Plan, the employee must have completed 40 hours of service and 60 day probationary period. Employees are 100% vested at the time of eligibility. VBR contributed \$109,122 for the year ended December 31, 2022. Effective January 1, 2013, part-time employees were no longer covered under the Plan.

7. **POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

Plan description – Visit Baton Rouge provides certain continuing health care and insurance benefits for its retirees. Visit Baton Rouge’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by Visit Baton Rouge (VBR). Current employees are eligible for these plan benefits if they retire as members of the VBR sponsored retirement plan. These benefits are provided through an Other Post Employment Benefit Plan (the OPEB Plan) categorized as a single-employer defined benefit plan that VBR administers. VBR’s board has the authority to establish and/or amend the obligation of the employer, employees and retirees as provided by Louisiana Revised Statute Title 17 Sections 1221 through 1224. No assets are accumulated in a trust that meets the criteria in paragraph 4 of *Governmental Accounting Standards Board (GASB) Statement No. 75*.

Benefits Provided – Medical benefits to retirees are provided through an insured program. The plan provisions are contained in the official plan documents. The retirement eligibility provisions are attainment of age 62 and completion of 15 years of service. Effective fiscal year ended December 31, 2021, benefit costs are capped at \$800 a month.

Employees covered by benefit terms – The December 31, 2022 total OPEB liability was determined using the January 1, 2021 (valuation date) actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>15</u>
	<u><u>16</u></u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

7. **POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS (continued)**

Total OPEB Liability

The Entity's total OPEB liability of \$598,127, of which \$10,230 is due in 2023, was measured as of December 31, 2022 and was determined by an actuarial valuation as of the valuation date.

Actuarial Assumptions and other inputs – The total OPEB liability as of December 31, 2022 was based on the valuation date using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%										
Salary increases	3.0%, including inflation										
Discount rate	2.06% annually (Beginning of Year to Determine ADC) 3.72%, annually (As of End of Year Measurement Date)										
Healthcare cost trend rates	5% annually to a maximum of \$800 per month										
Turnover	Age specific table with an average of 10% when applied to the active census										
	<table><thead><tr><th style="text-align: center;"><u>Age</u></th><th style="text-align: center;"><u>Rate of Turnover</u></th></tr></thead><tbody><tr><td style="text-align: center;">15 to 25</td><td style="text-align: center;">20%</td></tr><tr><td style="text-align: center;">26 to 44</td><td style="text-align: center;">12%</td></tr><tr><td style="text-align: center;">45 to 54</td><td style="text-align: center;">8%</td></tr><tr><td style="text-align: center;">55 and over</td><td style="text-align: center;">6%</td></tr></tbody></table>	<u>Age</u>	<u>Rate of Turnover</u>	15 to 25	20%	26 to 44	12%	45 to 54	8%	55 and over	6%
<u>Age</u>	<u>Rate of Turnover</u>										
15 to 25	20%										
26 to 44	12%										
45 to 54	8%										
55 and over	6%										
Retirement age	The later of age 62 and 6 years after eligibility										

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2022, the end of the applicable measurement period.

Mortality rates were based on the SOA RP-2014 Combined Mortality Table

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2022.

Changes in the Total OPEB Liability

Balance at December 31, 2021	\$ 714,780
Changes for the year:	
Service cost	29,296
Interest	15,026
Differences between expected and actual experience	1,193
Changes in assumptions	(156,817)
Benefit payments	(5,351)
Net changes	<u>(116,653)</u>
Balance at December 31, 2022	<u>\$ 598,127</u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

7. **POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS** (continued)

Changes in the Total OPEB Liability (continued)

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the Entity, as well as what the Visit Baton Rouge’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

	1.0% Decrease (2.72%)	Current Discount Rate (3.72%)	1.0% Increase (4.72%)
Total OPEB liability	\$ 691,038	\$ 598,127	\$ 522,315

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

	1.0% Decrease	Current	1.0% Increase
Healthcare Trend	\$ 546,028	\$ 598,127	\$ 643,144

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2022, Visit Baton Rouge recognized OPEB expense of \$51,357. At December 31, 2022, Visit Baton Rouge reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,449	\$ (10,882)
Changes in assumptions	242,092	(138,620)
Total	<u>\$ 254,541</u>	<u>\$ (149,502)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending December 31:

2023	\$ 7,035
2024	7,035
2025	7,035
2026	7,035
2027	7,035
Thereafter	69,864

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

8. **RECEIVABLES**

General Fund Receivables as of December 31, 2022 consisted of the following:

Hotel-Motel Taxes Receivable	\$ 854,406
Other Receivables	<u>4,173</u>
	<u>\$ 858,579</u>

9. **CONTRACT PAYABLE**

On September 21, 2007, VBR entered into an intergovernmental contract with the City of Baton Rouge, Louisiana to borrow \$1,000,000 for the purpose of providing funding for the improvement, renovation and equipping of the new headquarters of VBR. In 2008, VBR drew down \$750,000 of the \$1,000,000 available for this purpose. The amount borrowed is due in monthly payments amortized over the life of the contract, bearing interest at the Securities Industry and Financial Markets Association (SIFMA) rate plus 1.2%. The interest rate at December 31, 2022 was 5.50%. Principal repayments during 2022 were \$39,400. This contract ends December 21, 2029. The contract is secured by and payable from the lawful and available funds of VBR. The outstanding balance at December 31, 2022 was \$337,900.

The minimum debt service payments are scheduled to occur as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 41,900	\$ 17,544	\$ 59,444
2024	43,500	15,191	58,691
2025	46,900	12,726	59,626
2026	49,200	10,068	59,268
2027	49,800	7,357	57,157
2028-2029	<u>106,600</u>	<u>5,851</u>	<u>112,451</u>
	<u>\$ 337,900</u>	<u>\$ 68,737</u>	<u>\$ 406,637</u>

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

10. REVENUE NOTE

On January 29, 2021, VBR signed a Revenue Note, Series 2021, in a total agreement principal amount not to exceed \$2,000,000 less any loan proceeds under the Paycheck Protection Program (PPP). As noted below, VBR received \$212,912 from PPP funds, therefore the maximum funds available for draw is \$1,787,088. The purpose of this note is for financing current and future operations and expenses in current and future fiscal years to ensure continuity of operations. The maximum total amount of draw available to VBR for year ending December 31, 2021 was less than or equal to \$500,000, year ending December 31, 2022 shall be less than or equal to \$1,500,000 and year ending December 31, 2023 shall be maximum loan amount minus total principal amount of PPP funds. If the interest only end date is extended the maximum total amount of VBR's draw is the Maximum Loan amount minus the total principal amount of PPP funds. The interest rate of the note is prime rate plus one half of one percent (0.50%) provided the interest rate is not less than 3.75% and shall never be greater than 6.00%. The maturity date of the note is January 29, 2026. The contract is secured by and payable from the Pledged revenues on the intergovernmental contract with the City of Baton Rouge as noted in Note 9. The amount drawn down as of December 31, 2022 is \$100,000 and the interest rate was 6.00%. The total interest expense paid at December 31, 2022 was \$4,986.

11. TOURISM REVIVAL FUND

On December 6, 2021, VBR was awarded a grant related to the Coronavirus State Fiscal Recovery Fund of the American Rescue Plan Act (ARP) allocated by the Louisiana Division of Administration (DOA) in the amount of \$3,683,257. The grant is for marketing and promoting Louisiana as a tourism destination for in-state and out-of-state travel activity. As of December 31, 2022, no funds were expended from the grant. VBR will submit biannual reports to the Louisiana DOA no later than 15 days after the end of the quarter.

12. COMMITMENTS

Effective January 1, 2022, VBR entered into an agreement with an advertising company to develop an advertising concept for the company to promote the city to target demographics. The term of the agreement began on January 1, 2022 and will expire on December 31, 2026. The total contract amount for the fiscal year ended December 31, 2022 was \$1,500,000.

Effective December 8, 2022, VBR entered into a real estate purchase agreement to purchase a parking lot for the use of the VBR staff. The purchase price agreement was \$400,000 with a deposit of \$20,000 which was paid on December 8, 2022. The deposit for the purchase agreement is included in prepaid expenses. The remaining balance, \$380,000, of the purchase agreement was paid on January 24, 2023.

13. COOPERATIVE ENDEAVOR AGREEMENTS

Effective April 25, 2017 and June 30, 2017, VBR entered into cooperative endeavor agreements with certain Cities in East Baton Rouge Parish for hotel/motel room tax collections in order to support the City's economic development efforts relating to travel and tourism in the City and Parish. The agreements are for twenty-five (25) years commencing on the effective date. The terms of the agreements state that VBR will dedicate part of the room tax collection received from the City of Baton Rouge to surrounding areas of the Cities based on the monthly occupancy rate calculated by the City of Baton Rouge. VBR will pay to the Cities a sum equal to the revenue actually received by VBR from three percent (3%) (Out of a total four (4%)) of VBR's lodging tax levy attributable to taxable entities located within the corporate limits of the Cities. For the year ended December 31, 2022, VBR paid \$153,217 in city tax rebates to the participating Cities.

VISIT BATON ROUGE

NOTES TO FINANCIAL STATEMENTS

14. TAX REVENUES ABATED

Tax abatements for VBR consist of those for hotel-motel occupancy taxes that were approved by the City of Baton Rouge – Parish of East Baton Rouge (City Parish). The City-Parish’s Metro-Council considers tax abatement agreements on an individual basis. These abatements are permissible in accordance with Louisiana Revised Statutes Chapter 27 of Title 33. These abatements are provided through the use of Tax Increment Financing (TIF) whereby separate legal entities (districts) are formed for the purpose of governing the use of tax revenue generated within the district. For the fiscal year ending December 31, 2022, there was approximately \$304,400 in tax abatements related to the use of TIFs.

15. PRIOR PERIOD ADJUSTMENT

VBR identified adjustments to expenses that should not have been recorded in prior year to correct an error which affected prior year financial statements. The impact on the fund balance of VBR as of December 31, 2022 is as follows:

Governmentwide (Governmental activities)

Fund balance as previously reported, December 31, 2021	\$ 8,059,767
Accounts payable adjustment	<u>141,532</u>
Fund balance, as restated, December 31, 2021	<u>\$ 8,201,299</u>

Government Funds – Balance Sheet

Fund balance as previously reported, December 31, 2021	\$ 7,600,631
Accounts payable adjustment	<u>141,532</u>
Fund balance, as restated, December 31, 2021	<u>\$ 7,742,163</u>

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 25, 2023, and determined that the following disclosures are necessary.

On January 24, 2023, Visit Baton Rouge drew down approximately \$384,000 from the line of credit for purposes of financing current and future operations and expenses in current and future fiscal years to ensure the continuity of essential government functions and paying costs of issuance.

REQUIRED SUPPLEMENTAL INFORMATION

VISIT BATON ROUGE
SCHEDULES OF CHANGES IN
TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Measurement date	Service Cost	Interest	Difference between actual and expected experience	Changes of benefits	Changes of assumptions	Benefit payments	Net change in total OPEB liability	Total OPEB liability - beginning	Total OPEB liability - ending	Covered- employee payroll	Total OPEB liability as a percentage of covered- employee payroll
12/31/22	12/31/22	\$ 29,296	\$ 15,026	\$ 1,193	\$ -	\$ (156,817)	\$ (5,351)	\$ (116,653)	\$ 714,780	\$ 598,127	\$ 1,064,177	56.21%
12/31/21	12/31/21	17,337	10,699	(13,992)	176,661	31,775	(3,706)	218,774	496,006	714,780	1,033,182	69.18%
12/31/20	12/31/20	15,511	5,293	10,200	-	283,279	(3,706)	310,577	185,429	496,006	1,125,500	44.07%
12/31/19	12/31/19	3,342	6,043	3,550	-	26,717	(3,244)	36,408	149,021	185,429	1,142,024	16.24%
12/31/18	12/31/18	3,670	5,177	2,520	-	(11,248)	(3,209)	(3,090)	152,111	149,021	1,098,100	13.57%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to the Required Supplementary Information.

Benefit Changes.

No changes during the year ended December 31, 2022.

The benefit change during year ended December 31, 2021 was that the benefit costs are assumed to increase due to trend however the costs are capped at \$800 per month.

Changes of Assumptions.

The changes in assumptions balance was a result of changes in the discount rate. The following are the discount rates used for in each measurement of total OPEB liability.

Measurement Date	Discount Rate
12/31/2022	3.72%
12/31/2021	2.06%
12/31/2020	2.12%
12/31/2019	2.74%
12/31/2018	4.10%
12/31/2017	3.44%

The mortality rate table used for valuation used for years 2017 through 2019 was RP-2000 Table without projection with 50%/50% unisex blend then switched to SOA RP-2014 Table used for fiscal years ended December 31, 2022, 2021 and 2020.

The healthcare trend increased to 5% for year ended December 31, 2020 whereas the trend was at 0% in previous years.

The retirement age assumption changed after fiscal year ended December 31, 2019 which was 50% assumed to retire at age 62 and 15 years of service and 50% are assumed to retire at age 65 and 15 years of service to the later of age 62 and 6 years of service for fiscal year December 31 2020.

VISIT BATON ROUGE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2022

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>REVENUES</u>				
Tax revenue	\$ 5,670,506	\$ 6,732,964	\$ 6,989,433	\$ 256,469
Interest income	35,000	58,000	91,303	33,303
Miscellaneous income	10,000	10,000	7,587	(2,413)
Total revenues	<u>5,715,506</u>	<u>6,800,964</u>	<u>7,088,323</u>	<u>287,359</u>
<u>EXPENDITURES</u>				
Current: Tourism				
Salaries and commissions	1,318,956	1,307,429	1,310,711	(3,282)
Payroll taxes and benefits	524,369	526,623	454,522	72,101
Advertising and promotion	2,414,550	2,946,830	2,958,155	(11,325)
Trade shows and FAM/Site visits	136,970	168,368	100,118	68,250
Special promotions	1,035,790	748,184	690,070	58,114
Allocation of occupancy tax	162,000	144,000	153,217	(9,217)
General and administrative	921,209	922,915	809,862	113,053
Debt service:				
Interest expense	6,600	6,600	13,407	(6,807)
Principal retirement	39,400	39,400	39,400	-
Capital outlay	20,600	420,600	21,022	399,578
Total expenditures	<u>6,580,444</u>	<u>7,230,949</u>	<u>6,550,484</u>	<u>680,465</u>
<u>EXCESS OF REVENUES</u>				
<u>OVER EXPENDITURES</u>				
	<u>(864,938)</u>	<u>(429,985)</u>	<u>537,839</u>	<u>967,824</u>
<u>FUND BALANCE</u>				
Beginning of year, restated	<u>5,882,072</u>	<u>5,882,072</u>	<u>7,742,163</u>	<u>1,860,091</u>
End of year	<u>\$ 5,017,134</u>	<u>\$ 5,452,087</u>	<u>\$ 8,280,002</u>	<u>\$ 2,827,915</u>

VISIT BATON ROUGE
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE CHIEF EXECUTIVE OFFICER
YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Paul Arrigo (January 2022 - September 2022)

<u>Purpose</u>	<u>Amount</u>
Salary, including incentive and bonus	\$ 173,450
Benefits-insurance	38,291
Defined contribution retirement plan	15,971
Car allowance	1,581
Vehicle rental	7,962
Cell phone	901
Dues	2,945
Reimbursements	599
Registration fees	2,140
Conference travel	6,300
Special meals	596
Other	419
Total	<u>\$ 251,155</u>

Agency Head Name: Jill Kidder (October 2022- December 2022)

<u>Purpose</u>	<u>Amount</u>
Salary, including incentive and bonus	\$ 79,007
Benefits-insurance	5,811
Dues	2,009
Reimbursements	182
Conference travel	8,965
Special meals	2,637
Other	4,824
Total	<u>\$ 103,435</u>

OTHER SUPPLEMENTAL INFORMATION

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 Directors
Visit Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Visit Baton Rouge (VBR) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise VBR's basic financial statements, and have issued our report thereon dated April 25, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered VBR'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 VBR's internal control. Accordingly, we do not express an opinion on the effectiveness of VBR'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 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether VBR'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 matter 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 VBR'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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2023

VISIT BATON ROUGE
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

A. *Summary of Auditors' Results*

Financial Statements

Type of auditors' report issued: *Unmodified*

- Material weakness(es) identified? _____ yes x no
- Significant deficiencies identified that are
not considered to be material weaknesses? _____ yes x none reported

Noncompliance material to financial
statements noted? _____ yes x no

VISIT BATON ROUGE
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

- None in the current year.

VISIT BATON ROUGE

PRIOR YEAR SCHEDULE OF FINDINGS

2021-001

Pledged Collateral for Deposits

- Criteria: According to Louisiana state law, deposits over the Federal Deposit Insurance Corporation's (FDIC) allowed limit must be secured by securities owned by the local bank and pledged to the local government as collateral.
- Condition: Visit Baton Rouge's deposits at the local bank exceeded the FDIC coverage limit combined with pledged securities and were under collateralized by \$6,974,993.
- Cause: Miscommunication between bank representatives and management at the point when the funds were transferred to a new bank resulted in the bank failing to properly classify Visit Baton Rouge's deposits as public; thus, the deposits were not secured by pledge securities as required by State law.
- Effect: Visit Baton Rouge's deposits were uncollateralized resulting in a violation of Louisiana law.
- Recommendation: Management should obtain written evidence of the local bank's compliance with deposit collateral requirements on a monthly basis.

View of Responsible Official and Planned Corrective Action:

Management relied on bank personnel to adequately collateralize the deposits. Visit Baton Rouge changed bank accounts July 2021 therefore, for only part of the year was the deposits undercollateralized. Procedures will be established to implement the recommendation of obtaining documentation monthly to ensure bank compliance in the future. Visit Baton Rouge has already received documentation that the account has been collateralized and received documentation that the issue has been resolved as of March 31, 2022.

Status: Resolved.

VISIT BATON ROUGE

REPORT ON STATEWIDE

AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL

AREAS

FOR THE YEAR ENDED DECEMBER 31, 2022

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Visit Baton Rouge and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2022 through December 31, 2022. Visit Baton Rouge's management is responsible for those C/C areas identified in the SAUPs.

Visit Baton Rouge (VBR) 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, 2022 through December 31, 2022. 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by VBR 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 VBR 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.

Postlethwaite & Netterville

Baton Rouge, Louisiana
April 25, 2023

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 13 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

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.

No exceptions noted.

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.

No exceptions noted.

iii. ***Disbursements***, including processing, reviewing, and approving

No exceptions noted.

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).

No exceptions noted.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exceptions noted.

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.

No exceptions noted.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exceptions noted.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- 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. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exception noted.

- 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.

No exception noted.

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:

A listing of bank accounts was provided and included a total of 4 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 4 bank accounts (1 main operating and 1 randomly) and obtained the bank reconciliations for the month ending August 31, 2022, resulting in 4 bank reconciliations obtained and subjected to the below procedures.

- 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);

No exceptions noted.

- ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions noted.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions noted.

4) Collections (excluding electronic funds transfers)

- 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).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 deposit sites and performed the procedures below.

- 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 (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exceptions noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exceptions noted.

- iii. Each employee responsible for collecting cash is not also 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; and

No exceptions noted.

- 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, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

No exceptions noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exceptions noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

We randomly selected two deposit dates for the 1 bank account selected in procedure #3. We obtained supporting documentation for each of the 8 deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

No exceptions noted

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions noted

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions noted.

- iv. Observe that 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).

No exceptions noted.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions noted.

5) *Non-payroll Disbursements (excluding 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).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected the only location and performed the procedures below.

- 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions noted.

- 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;

No exceptions noted.

- 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

No exceptions noted.

- 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.

No exceptions noted.

- 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

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions noted.

- 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.

No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (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.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

- 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

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exceptions noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #7B 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 (e.g., each card should have 10 transactions subject to inspection). 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 observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions noted.

7) Travel and Travel-Related Expense Reimbursements (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, and 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

None selected were reimbursed using a per diem.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions noted.

- 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 Policies and Procedures”, procedure #1A(vii); and

No exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

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. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* 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

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Of the 5 contracts selected for our procedures, none were subject to Louisiana Public Bid Law .

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions noted.

- 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, the documented approval); and

No exceptions noted.

- 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.

We randomly selected 1 payment for the 5 contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.

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.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exceptions noted.

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

No exceptions noted.

10) Ethics

A. Using the 5 randomly selected employees/officials from procedure “Payroll and Personnel” procedure #9A, above obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

No exceptions noted.

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

The entity did not have any changes to the ethics policy, so this step is not applicable.

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

No exceptions noted.

11) Debt Service

A. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable.

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).

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exceptions noted.

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 as required by R.S. 24:523.

Visit Baton Rouge did not have any misappropriation of public funds therefore this step is not applicable.

- 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.

No exceptions noted.

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.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

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.

No exceptions noted.

- B. Observe that 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).

No exceptions noted.

- 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 that the report 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;

No exceptions noted.

- ii. Number of sexual harassment complaints received by the agency;

No exceptions noted.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

No exceptions noted.

- v. Amount of time it took to resolve each complaint.

No exceptions noted.