

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

I have reviewed the accompanying financial statements of the governmental activities and each major fund of the **Baton Rouge North Economic Development District** (a political subdivision), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a required 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. The information is the representation of management. I have not audited or reviewed such required supplementary information and, accordingly, I do not express an opinion, conclusion, nor provide any assurance on it.

Other Supplementary Information

The accompanying 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. Such information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the other supplementary information and, accordingly, do not express an opinion on such information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of State Law, I have issued my report, dated September 25, 2020, on the results of my agreed-upon procedures.

Roslyn J. Johnson, LLC

Baton Rouge, Louisiana
September 25, 2020

REQUIRED SUPPLEMENTARY INFORMATION

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

As management of the Baton Rouge North Economic Development District (hereafter referred to as the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2019. The emphasis of discussions about these statements will be on current year data.

Financial Highlights

The financial statements included in this report provide insight into the financial status of the year. Based upon the operations of the year ended December 31, 2019, the District's net position and fund balance increased by \$27,434.

Total revenues and expenditures for the governmental activity for the year ended December 31, 2019, decreased by \$55,308 and increased by \$43,321 over the year ended December 31, 2018, respectively.

No expenditures for capital assets were made during the year ended December 31, 2019.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 8 - 9 of this report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has a general fund that is categorized as governmental funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is always considered to be a major fund.

The District adopted an annual budget for the year ended December 31, 2019 for its general fund. Budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 - 19 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budgetary comparison schedules for its general fund. The required supplementary information can be found on page 20 of this report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Certain supplementary financial information can be found on page 21. This schedule of compensation, benefits and other payments to chief executive officer was designed to included for additional information and analysis and do not constitute a part of the basic financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded its liabilities by \$198,280 at the close of the 2019 fiscal year.

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Net Assets

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 166,627	\$ 135,545
Hotel occupancy taxes	38,183	41,842
Other asset	<u>718</u>	<u>718</u>
TOTAL ASSETS	<u>205,528</u>	<u>178,105</u>
LIABILITIES		
Accounts payables	7,131	2,479
Salaries & payroll withholding payable	<u>117</u>	<u>4,780</u>
TOTAL LIABILITIES	<u>7,248</u>	<u>7,259</u>
NET ASSETS		
Unassigned	193,280	170,846
Restricted	<u>5,000</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 198,280</u>	<u>\$ 170,846</u>

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Changes in Net Position

	2019	2018
REVENUES:		
Charges for services	\$ -	\$ -
General revenues:		
Sales and use taxes	207,769	263,022
Governmental contribution	5,000	
Others	-	5,055
Total revenues	212,769	268,077
EXPENSES:		
Economic Development:		
General Government:		
Legislative	5,940	661
Executive	152,719	124,200
Financial administration	21,670	17,153
Economic and business development	5,006	-
Total expenses	185,335	142,014
CHANGE IN NET POSITION	\$ 27,434	\$ 126,063

Economic Factors and Next Year's Budget

Our appointed officials and citizens consider many factors when setting the District's 2020 fiscal year budget. The District's budgets are used to gain a better overview of the financial operations of the District and to assist management in making decisions for daily and future operations.

The following are economic factors and indicators affecting the budget for fiscal year 2020:

1. The original budget, as approved for the 2020 fiscal year was expected to collect approximately \$229,000 in Hotel Occupancy Taxes.
2. The District elevated the Administrative Assistant position from part-time to full-time and plan to employ students on various projects. Therefore, salaries, student wages and employee benefits would increase by approximate \$30,000 over the 2019 fiscal year.
3. As of the date of the report, due to the COVID-19 global pandemic, the District has experienced a reduction in revenues from Hotel Occupancy Taxes. During future Board of Commissioners meeting, this reduction will be addressed, and the budget will be amended to reflect the reduction in sales tax revenues.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2019

Request for Information

This financial report is designed to provide a general overview of the Baton Rouge North Economic Development District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Dr. Leroy Davis, Treasurer, 616 Harding Boulevard, Baton Rouge, Louisiana 70807.

BASIC FINANCIAL STATEMENTS:

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

Statement A

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Statement of Net Position
December 31, 2019

ASSETS	
Cash and cash equivalents	\$ 166,627
Hotel occupancy tax receivables	38,183
Security deposit - rent	<u>718</u>
TOTAL ASSETS	<u>\$ 205,528</u>
LIABILITIES	
Current liabilities:	
Accounts payables	\$ 7,131
Salaries & payroll withholding & payable	<u>117</u>
TOTAL LIABILITIES	<u>7,248</u>
NET ASSETS	
Unassigned	193,280
Restricted	<u>5,000</u>
TOTAL NET POSITION	<u>\$ 198,280</u>

See Independent Accountant's Review Report.

Statement B

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Statement of Activities

For the Year Ended December 31, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
FUNCTIONS/PROGRAMS			
Governmental activities:			
Economic Development:			
General government	\$ 185,335	\$ -	\$ (185,335)
	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities	<u>\$ 185,335</u>	<u>\$ -</u>	<u>(185,335)</u>
General Revenues:			
Taxes:			
Hotel occupancy taxes			207,769
Governmental contribution			<u>5,000</u>
			<u> </u>
Total general revenues			<u>212,769</u>
Change in Net Position			27,434
Net Position - December 31, 2018			<u>170,846</u>
Net Position - December 31, 2019			<u>\$ 198,280</u>

See Independent Accountant's Review Report.

BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS (FFS)

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Balance Sheet
December 31, 2019

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 166,627
Hotel occupancy tax receivables	38,183
Security deposit - rent	<u>718</u>
TOTAL ASSETS	<u>\$ 205,528</u>
LIABILITIES	
Current liabilities:	
Accounts payables	\$ 7,131
Salaries & payroll withholding & payable	<u>117</u>
TOTAL LIABILITIES	<u>7,248</u>
FUND BALANCE	
Unassigned	<u>198,280</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 205,528</u></u>

See Independent Accountant's Review Report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2019

Fund Balances at December 31, 2019 - Governmental Funds	<u>\$ 198,280</u>
Net Position at December 31, 2019 - Governmental Activities	<u><u>\$ 198,280</u></u>

See Independent Accountant's Review Report.

Statement E

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

**GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended December 31, 2019**

	<u>General Fund</u>
REVENUES	
Local sources:	
Taxes:	
Hotel occupancy tax	\$ 207,769
Governmental contribution	<u>5,000</u>
Total revenues	<u>212,769</u>
EXPENDITURES	
Economic Development:	
General Government:	
Legislative	5,940
Executive	152,719
Financial administration	21,670
Economic and business development	<u>5,006</u>
Total expenditures	<u>185,335</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>27,434</u>
NET CHANGES IN FUND BALANCES	27,434
FUND BALANCES - DECEMBER 31, 2018	<u>170,846</u>
FUND BALANCES - DECEMBER 31, 2019	<u><u>\$ 198,280</u></u>

See Independent Accountant's Review Report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - governmental funds (Statement E) \$ 27,434

Change in net position of governmental activities (Statement B) \$ 27,434

See Independent Accountant's Review Report.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Notes to the Financial Statements

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BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Government-Wide Financial Statements (GWFS)

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

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

The government-wide Statement of Activities (Statement B) demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements (FFS)

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

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The District does not have any nonmajor.

The District reports the following major governmental fund:

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

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Sales and use tax revenues are considered “measurable” when the underlying transaction occurs and meets the availability criteria.

Substantially all other revenues are recorded when received.

Expenditures

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

Fund Equity of Fund Financial Statements

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

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

B. BUDGETS AND BUDGETARY ACCOUNTING

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

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

C. PROPERTY AND EQUIPMENT

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

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Useful lives vary from 3 to 7 years for furniture and equipment and 10 years for leasehold improvements. At December 31, 2019, the District had no capitalized property and equipment and therefore, no depreciation expenses are recorded in the financial statements.

D. HOTEL OCCUPANCY TAXES

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

E. ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

At December 31, 2019, the District had cash and cash equivalents (book balances) totaling \$166,627.

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

Custodial credit risk is the risk that, in event of a failure of financial institution or counterparty, the District would not be able to recover its deposits. At December 31, 2019, the District has \$166,869 in deposits (collected bank balances). These deposits were entirely secured by federal deposit insurance.

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Baton Rouge, Louisiana

Notes to the Financial Statements

3. HOTEL OCCUPANCY TAXES RECEIVABLES

Hotel occupancy tax receivable represents amounts due from hotel occupancy taxes that have been collected as of December 31, 2019. All amounts are expected to be collected in the subsequent period.

4. RELATED PARTY TRANSACTIONS

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

5. SUBSEQUENT EVENTS

The District is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. The District performed such an evaluation through September 25, 2020, the date which the financial statements were available to be issued, and noted no subsequent events or transaction that occurred after the balance sheet date requiring recognition or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES**

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (GAAP Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES				
Hotrel occupancy taxes	\$ 229,000	\$ 229,000	\$ 207,769	\$ (21,231)
Local government grant	-	-	5,000	5,000
Total revenues	<u>229,000</u>	<u>229,000</u>	<u>212,769</u>	<u>(16,231)</u>
EXPENDITURES				
Economic Development:				
General government:				
Legislative	4,550	4,550	5,940	
Executive	219,963	190,718	152,719	37,999
Financial administration	23,536	23,911	21,670	2,241
Economic Development:				
Economic and business development	-	14,700	5,006	9,694
Total expenditures	<u>248,049</u>	<u>233,879</u>	<u>185,335</u>	<u>49,934</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>\$ (19,049)</u>	<u>\$ (4,879)</u>	<u>\$ 27,434</u>	<u>\$ 32,313</u>
OTHER FINANCING SOURCES (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	(19,049)	(4,879)	27,434	32,313
FUND BALANCE - DECEMBER 31, 2018	<u>169,302</u>	<u>170,846</u>	<u>170,846</u>	<u>-</u>
FUND BALANCE - DECEMBER 31, 2019	<u>\$ 150,253</u>	<u>\$ 165,967</u>	<u>\$ 198,280</u>	<u>\$ 32,313</u>

SUPPLEMENTARY INFORMATION SCHEDULES

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT
Baton Rouge, Louisiana

Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer
For the Year Ended December 31, 2019

Agency Head Name: Jerry Jones, Jr. Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,923
Benefits - Insurance	1,812
Benefits - Retirement	-
Benefits - other	5,885
Car allowance	-
Vehicle provide by government	-
Per diem	-
Reimbursements	923
Travel	2,249
Registration fees	-
Conference travel	400
Housing	-
Unvouchered expenses	-
Other	-
	<u>\$ 88,192</u>

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

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

I have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by management of the **Baton Rouge North Economic Development District**, and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertion about **Baton Rouge North Economic Development District's** compliance with certain laws and regulations during the year ended December 31, 2019, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the **Baton Rouge North Economic Development District** is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$154,450, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2296 (the public bid law).

There were no purchases of materials or supplies exceeding \$30,000, nor public works exceeding \$154,450.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-R.S. 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management did not provide a complete list of the immediate family members of each Board member or a list of outside business interests of all board members, employees, and immediate family.

3. Obtain from management a listing of all employees paid during the period under examination.

Through review of general ledger determined the district only paid two employees during the period under examination. The Executive Director and the Administrative Assistant.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

Because the list in procedure (2) was not complete, I could not determine if the employees paid in procedure (3) were included.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Because the list in procedure (2) was not complete, I could not determine if the vendors of disbursement transactions recorded to the general ledger were businesses of board members, their immediate family, or employees.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget and amended budget for the current year.

7. Trace the budget adoption and amendments to the minute books.

The original budget was adopted February 14, 2019. The amended budget was adopted on October 3, 2019.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual revenues did not fail to meet budgeted amounts by 5% or more and actual expenditures did not exceed budgeted amounts by 5% or more.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

(a) Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

(b) Report whether the six disbursements were coded to the correct fund and general ledger account.

All of the six selected disbursements are coded to the correct fund and general ledger account.

(c) Report whether the six disbursements were approved in accordance with management's policies and procedures.

All of the six were approved in accordance with management's policies and procedures.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that a notice of each meeting and the accompanying agenda is posted on the door of the District's office building no less than 24 hours before the scheduled time of the meeting. In addition, notices of the meetings are also posted on-line to the agency's Facebook page. Management has asserted that such documents were properly posted.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I inspected supporting documentation for revenues recorded to the general ledger and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Examine payroll records and minutes for the year to determine whether any payments have been made to employees who may constitute bonuses, advance, or gifts.

A reading of the minutes of the district for the year indicated no approval for any such payments. I found only two employees on payroll during the fiscal year and noted these employees received no payments that would constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District provided a timely report.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Per management there were no contracts that utilize state funds and that were subject to public bid law in the current year. Further the agency was in compliance with audit law.

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

In the prior year review for the year ended December 31, 2018, it was determined that the agency was not in compliance with the *Code of Ethics for Public Officials and Public*

Employees. Several members of the Board did not complete the required ethics training and had not provided the required financial disclosures. During the financial statement review for the year ended December 31, 2019, it was determined this exception had not been resolved.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The report is intended solely for the use of management of the **North Baton Rouge Economic Development District** and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Roslyn J. Johnson, LLC

Baton Rouge, Louisiana
September 25, 2020

BATON ROUGE NORTH ECONOMIC DEVELOPMENT DISTRICT

Schedule of Management Letter Findings and Corrective Action Plan Year Ended December 31, 2019

ML (2019-01) Compliance – Code of Governmental Ethics

Condition:

The District's board members did not file a financial disclosure report in accordance with LSA-R.S. 42:1101-1124, *Louisiana Code of Governmental Ethics*.

Criteria:

According to Louisiana Revised Statute 42:1101 – 1124, public officials must file a financial disclosure report with the Board of Ethics annually, by May 15th of each year. For the year 2019 submission of the annual financial disclosure report was extended to June 8, 2020. This report must be filed each year the office or position is held and the year following the termination of the office or position. In addition, each public servant shall receive a minimum of one hour of education and training on the Code of Ethics during each year of his public employment or term of office.

Effect:

Not filing the required financial disclosure and receiving the required training puts the District's board members in violation of the *Louisiana Code of Governmental Ethics*.

Recommendation:

I recommend that the members of the District's board prepare the required financial disclosures and obtain the required training on the Code of Ethics to ensure compliance with LSA-R.S. 42:1101-1124, *Louisiana Code of Governmental Ethics*.

Views of Responsible Officials and Corrective Action Plan:

The Executive Director will continue to work with our board of directors on addressing compliance issues. We will revamp our board retreat and include this in our agenda to constantly remind them of their compliance obligations.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

September 1, 2020

Roslyn J. Johnson, LLC
P. O. Box 66494
Baton Rouge, La 70894

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2019, and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [X] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [X] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [X] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.
Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.
Yes [X] No []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.
Yes [X] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.
Yes [] No [X]

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.
Yes [X] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.
Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.
Yes [X] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.
Yes [X] No []

We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.
Yes [X] No []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.
Yes [X] No []

The previous responses have been made to the best of our belief and knowledge.



Executive Director

9/25/20

Date

Treasurer

Date

President

Date