



Office of the Mayor-President

Purchasing Division
City of Baton Rouge
Parish of East Baton Rouge
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Phil Gore
Interim Director of Purchasing

ADDENDUM NO. 1

October 15, 2025

Your reference is directed to:

Solicitation Number: **RFP 2025-14-4100**
Annual Audit Services for City of Baton Rouge –
East Baton Rouge Parish

scheduled to open: **October 22, 2025**

The following Questions & Answers will be made part of the above referenced solicitation. An Example Bond Letter and Baton Rouge River Center Financial Statements Signed 2024 are included also.

This addendum is hereby officially made a part of the referenced solicitation and should be attached to the bidder's proposal or otherwise acknowledged therein.

dsstewart@brla.gov
225-389-3259 x 3264

Signature

Date

Company

**CITY OF BATON ROUGE
RFP 2025-14-4100
ANNUAL AUDIT SERVICES FOR
CITY OF BATON ROUGE – EAST BATON ROUGE PARISH
QUESTIONS & ANSWERS**

- Question 1** Section 1.5, A of the proposal notes the proposer certified compliance with the signature authority required in accordance with Louisiana law. If the person signing the proposal meets the requirements under Section 1.5, A.2, what documentation should be included in the proposal submission?
- Answer 1** If the vendor is a corporation, a corporate resolution needs to be included in its submission.
- Question 2** Section 3.2 requests "information demonstrating the Proposer's financial stability", is a letter of financial stability signed by the Firm CFO sufficient to meet this requirement?
- Answer 2** No, proposers are asked to provide actual financial data information.
- Question 3** The addresses on p. 6 of the RFP are the same for both hand delivery/courier and mailing, is that correct?
- Answer 3** YES
- Question 4** Attachment A: Scope of Services IV.1 noted 6 bond covenant opinion letters – can we please obtain a copy of those letters for FY24?
- Answer 4** Attached is an example of one letter.
- Question 5** Attachment B-1: Pricing Schedule – request fee summary with and without internal audit assistance. Has internal audit provided assistance in the past? If so, how many hours and in what areas?
- Answer 5** Response: Internal Auditing has provided assistance in prior years. For fiscal years 2017-2024, Internal Auditing performed the Collections portion of the Louisiana Legislative Auditor's (LLA) SAUPs. However, beginning with audits for fiscal year 2025, Internal Auditing may not be able to perform this test. Internal Auditing will be available to discuss internal controls, their work plan, and prior audits.
- In 2023 and 2024, the Internal Auditing Division accumulated 688.50 and 955 hours associated with LLA SAUP- Collections for each year, respectively.
- Question 6** Part III. Evaluation – Section 3.1 – indicates the fee amount must be inclusive of the Single Audit of all federal and state grants received by the City-Parish. Did the City have a state single audit during FY24? Does the City expect a state single audit for FY25?
- Answer 6** The State of Louisiana does not require single audits for state grants.
- Question 7** Part III. Evaluation – Section 3.1 – indicates the quoted fee will include any work arising from issues referred by the Legislative Auditor's Office. IF there were any issues referred by the Legislative Auditor's Office, please provide a copy.
- Answer 7** From time to time the LLA will issue Audit Risk Alerts that the auditee and/or the independent auditor must follow and/or perform. These are available to be reviewed at <https://lla.la.gov/resources/local-government-reporting/louisiana-governmental-audit-guide?section=audit-risk-alerts> and should be reviewed regularly to be aware of any new alerts.

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QUESTIONS & ANSWERS**

- Question 8** Is there a specific Veteran and Hudson Initiative Programs participation percentage requirement for the audit?
Answer 8 No
- Question 9** Is there a specific DBE participation percentage requirement for the audit?
Answer 9 No specific percentage; For this project the EBR Parish Purchasing office has indicated that SEDBE participation is strongly encouraged.
- Question 10** Do the current auditors use a DBE, Veteran, or Hudson Initiative subcontractor?
Answer 10 In 2023 yes, in 2024 no.
- Question 11** Can you provide a copy of the FY24 River Center Management Agreement Audit?
Answer 11 Yes
- Question 12** What is the expected timing of the audit, interim and final?
Answer 12 The City-Parish typically defers to the independent auditor in determining the scheduling of interim and final fieldwork. Our priority is to ensure that the auditor has adequate time to conduct a thorough review and complete all necessary procedures in accordance with their timeline. Current auditor would start interim fieldwork in January and final fieldwork in April. It is critical to add that the audit report **MUST** be issued and uploaded to the Louisiana Legislative Auditor (LLA) by June 30th of each year.
- Question 13** Did the current auditors perform interim testing? How long did the auditors perform interim procedures?
Answer 13 Yes. Due to their knowledge and experience with the City-Parish's processes, they would typically start in January and final fieldwork started in April.
- Question 14** The FY24 audit report was issued June 27, 2025, is that timing the expected FY26 timing of issuance?
Answer 14 The audit report **MUST** be issued and uploaded to the Louisiana Legislative Auditor (LLA) by June 30th of each year.
- Question 15** Is a proposal bond required for this RFP?
Answer 15 See Page 35
- Question 16** What is the reason for issuing an RFP?
Answer 16 The City-Parish is issuing an RFP for audit services to solicit proposals for services beginning in 2026.
- Question 17** Is there a mandatory rotation requirement?
Answer 17 No
- Question 18** Are the current auditors eligible to submit a proposal?
Answer 18 There is nothing prohibiting the current audit firm from submitting a proposal.

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ANNUAL AUDIT SERVICES FOR
CITY OF BATON ROUGE – EAST BATON ROUGE PARISH
QUESTIONS & ANSWERS**

Question 19 **How long have the current auditors been the auditors for the City?**
Answer 19 **Since 2001**

Question 20 **In what areas can your auditor create added value?**
Answer 20 **N/A**

Question 21 **Are there any areas within the audit or the City's operations that impact the audit that is of special concern to management?**
Answer 21 **N/A**

Question 22 **Is the transition to a new auditor a concern? If so, why? What would lessen your concern?**
Answer 22 **With any new service provider, there are concerns about potential issues in transition due to the complexity and scale of the City-Parish operations and procedures. The City-Parish values demonstrated experience with Louisiana governmental audits and LLA requirements, providing a proactive transition plan, having open lines of communication and collaboration to ensure we can discuss the accounting treatment of complex transactions and or new GASB Standards and commitment to continuity and efficiency with minimal disruption to our operations and assurance of maintaining a quality audit.**

Question 23 **How would you describe the City's internal control environment?**
Answer 23 **The internal control environment includes the Metropolitan Council, who provides oversight through their responsibilities as the legislative governing body, and the Mayor-President's Office, who oversees operations through administrative and executive duties. Oversight also includes an Audit Committee that is comprised of the leadership from both the Legislative and Executive branches of the government creating balanced oversight. There is an Internal Auditing function that independently evaluates internal controls over programs and functions to improve efficiency and accountability. Departmental Directors own the processes within their departments and are responsible for creating and implementing internal controls within those processes. Controls are in place across business functions including separation of duties between cash management and financial reporting. The City-Parish undergoes Single Audits, as required, which evaluate the internal controls within federal programs to ensure compliance with federal laws and regulations. Employees are required to complete training in State ethics laws annually. Employees and citizens may report fraud to the Louisiana Legislative Auditor through a link on the City-Parish's website and employees may report fraud to the Internal Auditing Division through a link on the City-Parish's internal Metronet. The Internal Auditing Division obtains periodic updates on corrective action for Management Letter and Single Audit findings and reports the updates to the Audit Committee. Additionally, follow-up reviews are performed on internal audit-related findings and the results are reported to the Audit Committee. Reports compiled by the external auditor are submitted to the Louisiana Legislative Auditor for further review**

**CITY OF BATON ROUGE
RFP 2025-14-4100
ANNUAL AUDIT SERVICES FOR
CITY OF BATON ROUGE – EAST BATON ROUGE PARISH
QUESTIONS & ANSWERS**

- Question 24** May we obtain a copy of the 2024 internal control letter (management letter) if available
Answer 24 The Internal Control Report can be found starting on page 277 of the 2024 ACFR, which can be found at <https://www.brla.gov/DocumentCenter/View/21785/2024-Annual-Comprehensive-Financial-Report-PDF>. There was no management letter issued for 2024.
- Question 25** If an internal control letter is not available, were there any material weaknesses or 5significant deficiencies identified? If so, in what areas?
Answer 25 These are identified in the Internal Control Report on page 277 of the 2024 ACFR, which can be found at <https://www.brla.gov/DocumentCenter/View/21785/2024-Annual-Comprehensive-Financial-Report-PDF>. There were two significant deficiencies identified regarding purchase cards and overtime pay.
- Question 26** Do you anticipate the level of federal funding for the City to be different for FY 2025?
Answer 26 Yes
- Question 27** What was the nature and magnitude of any audit adjustments for the FY 2024 audit?
Answer 27 There was one audit adjustment for grant revenue accrual.
- Question 28** What are the most significant challenges faced during the FY 2024 audit, if any?
Answer 28 Beginning January 2, 2025, a new Mayor and his Administration took office, none of which were in office during FY 2024. The River Center implemented a new financial system which presented additional audit work for the River Center Audit
- Question 29** Are the City's financial systems integrated? Is the integration automated or manual?
Answer 29 The majority is automated with some manual input, such as journal entries.
- Question 30** Is the ACFR to be prepared by the auditor or the City?
Answer 30 The City-Parish prepares the complete ACFR with some assistance and input from the independent auditor.
- Question 31** If the City prepares the ACFR, what software does the City use?
Answer 31 Tyler Munis (Enterprise ERP) is the accounting software. The ACFR is done manually using excel spreadsheets and word documents.
- Question 32** Is the current audit being performed on-site, remote, or hybrid?
Answer 32 Hybrid.
- Question 33** What were the audit fees for FY 2024 and 2023? Does the audit fee amount include any overrun billings?
Answer33 The FY 2023 fees were \$398,000 with no amendments. The FY 2024 fees were a total of \$458,530, which included an amendment to increase the River Center audit by \$30,000 due to additional audit work on the implementation of a new financial system and \$15,000 for the single audit of federal programs.

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QUESTIONS & ANSWERS**

Question 34 What is primary reason for considering a change in auditors at this time? How long did the previous auditors serve the City?

Answer 34 The City-Parish is issuing an RFP for audit services to solicit proposals for services beginning in 2026. The previous auditor has served since 2001.

Question 35 When going through the auditor selection process, what are the most important attributes you are looking for and what was the primary reason for the selection of the current auditors?

1. What qualifications/characteristics did the City appreciate the most about their current auditors or look for in future auditors?

Partners and managers should be Certified Public Accountants, firm should be on the Louisiana Legislative Auditor's approved list of CPAs, experienced with Governmental Auditing Standards (GAGAS), familiar with Louisiana's Audit Law, local government operations, and GASB Standards, experience with single audits, firm has a current peer review with a rating of "pass", positive reviews or references from other local government clients, partners and managers' longevity with firm, and a record of completing audits on time and without significant issues.

2. For what areas does the City see as an opportunity for improvement for future audit engagements?

There is not a specific area.

Question 36 What was the typical audit engagement timeline and duration for the fiscal year engagement, specifically for:

1. Interim fieldwork

Current auditor started interim fieldwork in January.

2. Final or substantive fieldwork subsequent to fiscal year end

Final fieldwork would start in April.

3. Approximately how many total hours did the current auditors spend on the audit for each of the last 3 years (2022, 2023, and 2024)?

Approximately 2,400-3,200 hours.

Question 37 Provide the number of partners, managers, and other key staff being used annually by the City's current auditors to perform the scope of services included in this RFP.

Answer 37 Response: To our knowledge, at a minimum, there was one partner, one manager and approximately ten staff. There were times when additional partners were made available for further discussions as needed.

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QUESTIONS & ANSWERS**

- Question 38** When will the final trial balance and audit support schedules be available for auditors for planning purposes?
- Answer 38** A preliminary trial balance is provided first of April. Final entries for depreciation, compensated absences, Net Pension and OPEB are usually posted by mid-May. Certain schedules can be provided throughout the audit. Preliminary SEFA is provided early January, a 2nd draft provided by February, and the final provided by mid-April. This is subject to change depending on how significant the accruals are.
- Question 39** Did the City engage their previous independent auditors to perform additional services and, if so, what was the nature of such services and what were the fees paid for those services
- Answer 39** None for 2024.
- Question 40** Approximately how many auditor-generated journal entries are made each year?
- Answer 40** 1-2 on average
- Question 41** Are there any other major transactions/activities planned that may affect the fiscal year ending 2025 or subsequent years' engagements, e.g., planned major capital projects, IT/system implementations, bond issuances, etc.?
- Answer 41** Bond issuances and City of St George agreements.
- Question 42** Are there any other major compliance or regulatory changes anticipated that could impact the audit scope or deliverables (e.g., new federal funding, ARPA, infrastructure projects, or changes in reporting requirements)?
- Answer 42** None that we know of currently.
- Question 43** Provide a copy of the most recent Independent Auditor's Management Letter in accordance with the Rules of the Auditor General.
- Answer 43** There was no Management Letter for 2024 issued.
- Question 44** How much did the City pay for audit fees for their audits for the past three years? Were there increases to the originally agreed-upon fees for out of scope work or additional billings? If yes, how much were the increases and what were the reasons for the increases?
- Answer 44** The FY 2022 fees were \$376,000, which includes an increase of \$24,000 for two additional single audit federal programs. The FY 2023 fees were \$398,000 with no amendments. The FY 2024 fees were a total of \$458,530, which included an amendment to increase the River Center audit by \$30,000 due to additional audit work on the implementation of a new financial system and \$15,000 for the single audit of federal programs.

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QUESTIONS & ANSWERS**

- Question 45** What are the budgeted audit fees (financial statement and single audit) for the fiscal year 2025 engagement?
- Answer 45** The proposed 2026 Budget will fund the FY 2025 audit; it will be made public on November 5, 2025.
-
- Question 46** What management and accounting systems does the City use, e.g., cash collections, data management, financial, assets, financial reporting, etc.?
- Answer 46** Tyler's Enterprise ERP (Munis), Tyler's Time and Attendance (Executime), Tyler's Content Management (TCM), an in house cash receipts system using Oracle's Application Express (APEX), Digitech's Papervision and Windows File system which is currently using Pure Storage as the data in a Windows Active Directory network, used Galaxy through May 1st, 2025 and went live with Revenue Collection System (RCS) for sales tax collections.
-
- Question 47** Who are the current members of the City's selection committee?
- Answer 47** The City-Parish's policy is to not provide this information.
-
- Question 48** Will the City consider any exceptions and/or modifications to the RFP standard contract terms and conditions that would be typical for the type of professional services contemplated?
- Answer 48** Yes, depending on the modification.
-
- Question 49** What is the preference for fieldwork in terms of remote, on-site, or hybrid?
- Answer 49** Hybrid is preferred.
-
- Question 50** How many weeks were your prior auditor's on-site and conducting fieldwork?
- Answer 50** An average of nine weeks.
-
- Question 51** Per Section 1.22 Use of Subcontractors on RFP page 14, will we need to have the subcontractor also complete all of the RFP questions and the forms as well? Or does the subcontractor only have to complete certain forms and if so, which forms specifically should the subcontractor completely weeks were your prior auditor's on-site and conducting fieldwork?
- Answer 51** Only the prime needs to complete all of the RFP questions. If either the prime or the subcontractor are an SEDBE, Form 1A, Form 2, and Form 3 should be completed, as necessary
-
- Question 52** Why is the City-Parish going out to bid and will the City-Parish's current audit firm be allowed to propose?
- Answer 52** The current audit firm is allowed to submit a proposal as there is nothing prohibiting them from doing so.

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QUESTIONS & ANSWERS**

- Question 53** Does the City-Parish anticipate issuing any bonds in FY2025? If so, how much and for what purpose(s)?
- Answer 53** (1) Anticipating to close on October 30th on the 2025 Road & Street Sales Tax Refunding Bonds(Greenlight), in the amount of \$50,905,000, to refund the 2015 Road & Street Refunding Bonds and the 2015 LDCA Road & Street Refunding Bonds, (2) Anticipating to close in late November on a tender offer not to exceed \$497,925,000 to refund a portion of the 2020B Sewer Refunding Bonds and the 2020A LCDA Sewer Refunding Bonds, (3) Chaneyville Fire Department is issuing \$215,000 private placement to renovate or build a new fire station depending on other funding sources.
- Question 54** When do you prefer interim and final fieldwork to be performed? Is the River Center Management Agreement Audit fieldwork performed at the same time as the City-Parish's audit?
- Answer 54** The City-Parish typically defers to the independent auditor in determining the scheduling of interim and final fieldwork. Our priority is to ensure that the auditor has adequate time to conduct a thorough review and complete all necessary procedures in accordance with their timeline. Current auditor would start interim fieldwork in January and final fieldwork in April. It is critical to add that the audit report **MUST** be issued and uploaded to the Louisiana Legislative Auditor (LLA) by June 30th of each year.
- Yes, the fieldwork would overlap as the auditor would commence work in March for the River Center.
- Question 55** How long has the City-Parish's current auditor generally been on site for interim and final fieldwork?
- Answer 55** The 2024 audit contract required that 60% of staff auditor hours and 35% of Audit Manager hours must be conducted on City-Parish premises.
- Question 56** Please provide a copy of the most recent River Center Management Agreement audit report. Also, please confirm whether this is a separate audit of the Baton Rouge River Center enterprise fund's financial statements or whether it is an agreed-upon procedures engagement.
- Answer 56** The River Center Management Agreement audit is separate from the River Center enterprise fund's financial statement of the City-Parish's ACFR.
- Question 57** Does the District prepare its own financial statements, footnotes and the rest of the ACFR; or is the audit firm expected to assist in its preparation?
- Answer 57** Is the "District" referring to City-Parish? If so, yes the City-Parish prepares the complete ACFR with some assistance and input from the independent auditor.

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CITY OF BATON ROUGE – EAST BATON ROUGE PARISH
QUESTIONS & ANSWERS**

- Question 58** How many adjusting journal entries were recorded last year as a result of the FY2024 audit?
- Answer 58** There was one adjusting journal entry recorded for the City-Parish FY24 audit.
-
- Question 59** Were there any disagreements with the District's current audit firm over any accounting and/or financial reporting matters? If so, please describe?
- Answer 59** Is the "District" referring to City-Parish? If so, there was discussion on grant revenue accruals timing in the policy. In addition, there was some difference of opinions with the interpretation of the supporting documentation provided under various grant programs.
-
- Question 60** Does the City-Parish maintain process narratives for significant transaction cycles such as cash receipts, payroll and cash disbursements?
- Answer 60** City-Parish has policies and procedures in place along with control memos for the independent auditor.
-
- Question 61** Do you prefer audit staff to be on-site the entire time, completely remote, or something in between (hybrid)?
- Answer 61** Hybrid is preferred.
-
- Question 62** Please provide information on expected presentation(s) at the end of the audit. Is there a required presentation to the Metropolitan Council? Is there an audit/finance committee?
- Answer 62** Council presentations have not been provided in the past. A presentation to the Audit Committee is conducted.
-
- Question 63** Is there a required minimum % of the overall bid price that must be provided by a DBE subcontractor in order to receive the 10 points for Disadvantaged Business Enterprise Participation?
- Answer 63** No specific percentage; For this project the EBR Parish Purchasing office has indicated that SEDBE participation is strongly encouraged.
-
- Question 64** Has the City-Parish resolved the matters that gave rise to an adverse opinion on the BRIGHT program and the qualified opinion on the CLSFRF program?
- Answer 64** The City-Parish is committed to complying with all local, state, and federal regulations and has established corrective actions to address each finding. Corrective action on each finding is either implemented or in progress. Additionally, the BRIGHT grant period ended on September 27, 2024 and no further activities or disbursements are occurring under this program.
-
- Question 65** Engagement Context & Background What prompted the City-Parish to issue an RFP at this time?
- Answer 65** The City-Parish is issuing an RFP for audit services to solicit proposals for services beginning in 2026.

CITY OF BATON ROUGE
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QUESTIONS & ANSWERS

- Question 66** **Engagement Context & Background** How long has the incumbent firm served in this role?
Are there specific areas where the City-Parish is seeking a different approach or enhanced services
- Answer 66** Since 2001. There are no specific areas.
-
- Question 67** **Timeline & Scope** What is the typical timeline for interim and year-end fieldwork?
- Answer 67** The current auditor would start interim fieldwork in January and final fieldwork in April. It is critical to add that the audit report **MUST** be issued and uploaded to the Louisiana Legislative Auditor (LLA) by June 30th of each year.
-
- Question 68** **Timeline & Scope** Are there any anticipated changes in scope for the upcoming year (e.g., new departments, grants, or component units)?
- Answer 68** No
-
- Question 69** **Timeline & Scope** Does the City-Parish have any internal deadlines or milestone dates for ACFR completion or audit deliverables that the audit firm should be aware of in addition to the regulatory submission timeline?
- Answer 69** The audit report **MUST** be issued and uploaded to the Louisiana Legislative Auditor (LLA) by June 30th of each year.
-
- Question 70** **ACFR Preparation** Is the ACFR prepared internally by the City-Parish, or does the audit firm provide assistance with compiling or formatting any sections?
- Answer 70** The City-Parish prepares the complete ACFR with some assistance and input from the independent auditor.
-
- Question 71** **Organizational Considerations** How will the incorporation of the City of St. George affect financial reporting and audit scope?
- Answer 71** The only material change would involve the accounting of capital assets once an official agreement has been made to transfer certain assets to the City of St. George. It would then be up to the auditor to determine the level of detail required in reviewing and auditing this, along with any other related agreements.
-
- Question 72** **Organizational Considerations** Are there any structural or operational changes expected in the coming year that would affect fund accounting or reporting?
- Answer 72** No

**RFP 2025-14-4100
ANNUAL AUDIT SERVICES FOR
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QUESTIONS & ANSWERS**

- Question 73** **Compliance & Federal Programs** Are there any known audit risks, compliance findings, or open corrective action plans that the new auditor should be aware of?
- Answer 73** This can be found in the ACFR starting on page 293, which can be found at <https://www.brla.gov/DocumentCenter/View/21785/2024-Annual-Comprehensive-Financial-Report-PDF>.
- Question 74** **Compliance & Federal Programs** Have there been recent reviews by oversight agencies such as the Legislative Auditor, HUD, or FEMA?
- Answer 74** Federal and state grantors regularly perform monitoring of their grant programs.
- Question 75** Can you tell me who currently audits our financial statements: FIRM NAME?
- Answer 75** EisnerAmper
- Question 76** Also, on the bid that was placed out calling for bids, who will be reviewing and narrowing down to the most qualified bidder? Is that you or a committee, and if a committee who would serve on it?
- Answer 76** The City-Parish's policy is not to provide this information.

Example Bond Letter

Independent Auditors' Report

The Honorable Mayor-President
and Members of the Metropolitan Council
City of Baton Rouge
Parish of East Baton Rouge
Post Office Box 1471
Baton Rouge, Louisiana 70821

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements and the combining, and the individual fund financial statements and schedules of the City of Baton Rouge and Parish of East Baton Rouge, including the City of Baton Rouge Sales Tax Bonds Debt Service Fund, as of and for the year ended December 31, 2024, and have issued our report thereon dated June 27, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Baton Rouge and Parish of East Baton Rouge failed to comply with the terms, covenants, provisions, or conditions of Section 706 of General Bond Resolution 29075 for the City of Baton Rouge, Louisiana, Public Improvement Sales Tax Revenue Bonds, Series 2010A (Go Zone) dated January 28, 2010, (\$6,000,000); Series 2010B dated September 28, 2010, (\$19,045,000); Series 2016A-1, Series 2016A-2 (Taxable) and Series 2016A-3 (\$40,765,000, \$1,315,000, and \$4,915,000) dated April 28, 2016; and Series 2018 dated May 23, 2018, (\$18,000,000); insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance and accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance.

This report is intended solely for the information and use of the management of the City of Baton Rouge and Parish of East Baton Rouge and is not intended to be and should not be used by anyone other than these specified parties.

June 27, 2025

**CITY OF BATON ROUGE, LOUISIANA
CITY OF BATON ROUGE SALES TAX REVENUE BONDS FUND**

**PUBLIC IMPROVEMENT SALES TAX REVENUE BONDS
SERIES 2010A, 2010B, 2016A-1, 2016A-2, 2016A-3 AND 2018
FOR THE YEAR ENDED DECEMBER 31, 2024**

Revenues	
Sales Taxes	\$136,376,654
Interest Earnings	<u>45,456</u>
 Total Revenues	 136,422,110
 Net Earnings	 <u>\$136,422,110</u>
 2024 Debt Service	 <u>\$ 7,084,192</u>
 Coverage Ratio	 <u>1,925.73%</u>

**Baton Rouge
River Center
Financial Statements
Signed 2024**

EISNERAMPER

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Special-Purpose Financial Statements

December 31, 2024 and 2023

With Independent Auditors' Report Thereon



**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

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INDEPENDENT AUDITORS' REPORT

To the City of Baton Rouge -
Parish of East Baton Rouge (City-Parish Government) and
ASM Global Holdings, LLC

Report on the Audit of the Financial Statements

Opinion

We have audited the special-purpose financial statements of the Raising Cane's River Center (River Center) operations, a component of an enterprise fund of the City-Parish Government of East Baton Rouge, as of and for the year ended December 31, 2024 and 2023, and the related notes to the special-purpose financial statements, which collectively comprise the River Center's special-purpose 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 River Center's operations as of December 31, 2024 and 2023 and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with the basis of accounting described in Note 2(a) to financial statements.

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 (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the River Center 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.

Emphasis of Matters

Basis of Accounting

We draw attention to Note 2(a) of the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis accounting as described in the financial reporting provisions specified in the Management Agreement effective January 1, 2017, between the City-Parish and ASM Global Holdings, LLC (ASM), which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting is used in order to comply with the financial reporting provisions of the Management Agreement referred to above. As a result, these financial statements may not be suitable for any other purpose. Our opinion is not modified with respect to this matter.

Entity Reported

As discussed in Note 1, the financial statements present financial position, results of operations, and cash flows of the River Center's operations and do not purport to, and do not present fairly the financial position of the City-Parish or the River Center enterprise fund of the City-Parish, as of December 31, 2024 and 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Correction of errors

As discussed in Note (2g) of the financial statements, the 2023 financial statements have been restated. Our opinion is not modified with respect to these matters.

Change in Accounting Principle

As discussed in Note (2) to the financial statements, effective January 1, 2024, the Board adopted new accounting guidance Governmental Accounting Standards Board Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Incentive Management Fees

Note 5 to the financial statements discloses incentive management fees to be paid to ASM according to the Management Agreement and the terms and conditions thereof. Criteria 1 requires attainment of certain levels of customer satisfaction surveys as a condition to payment of incentive management fees. The incentive fees disclosed assume attainment of the customer satisfaction scores, without audit.

Responsibilities of Management for the Financial Statements

Management, as appointed by ASM, is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the Management Agreement effective January 1, 2017, between the City-Parish and ASM. Management, as appointed by ASM, is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the River Center'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 the River Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the River Center'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, on our consideration of the River Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the River Center's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of the City-Parish Government of East Baton Rouge and management of the River Center and ASM and is not intended to be and should not be used by anyone other than these specified parties.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
October 7, 2025



**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Assets and Liabilities

December 31, 2024 and 2023

ASSETS		2024	2023
			restated
Current assets:			
Cash and cash equivalents		\$ 3,841,328	\$ 6,116,245
Accounts receivable, net of allowance for doubtful accounts of \$65,805 and \$30,000, respectively		787,492	463,848
Due from the City of Baton Rouge - Parish of East Baton Rouge - reimbursements		591,133	559,075
Concessions inventory		167,085	111,235
Prepaid expenses		52,699	197,908
		<u>5,439,737</u>	<u>7,448,311</u>
Total assets		<u>\$ 5,439,737</u>	<u>\$ 7,448,311</u>
LIABILITIES			
Current liabilities:			
Accounts payable		\$ 1,426,951	\$ 1,973,704
Accrued expenses		183,551	281,380
Unearned revenue		1,522,969	3,031,262
Due to City of Baton Rouge - Parish of East Baton Rouge		2,306,266	2,161,965
		<u>5,439,737</u>	<u>7,448,311</u>
Total liabilities		<u>\$ 5,439,737</u>	<u>\$ 7,448,311</u>

See accompanying notes to the special-purpose financial statements.

RAISING CANE'S RIVER CENTER**BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Revenues and Expenses
Years ended December 31, 2024 and 2023

	2024	2023
		restated
Operating revenues:		
Event income:		
Rental income and fees	\$ 5,402,306	\$ 5,115,447
Less: direct expenses	4,560,252	3,598,984
Gross profit - events	<u>842,054</u>	<u>1,516,463</u>
Ancillary event income:		
Advertising	1,177,511	972,024
Novelty sales	15,867	21,698
Facility fees	810,433	581,929
Ticket rebates	864,591	823,160
Other	134,006	100,906
Total ancillary event income	<u>3,002,408</u>	<u>2,499,717</u>
Total net event income	<u>3,844,462</u>	<u>4,016,180</u>
Food and beverage income:		
Sales	3,850,492	3,743,780
Less: direct expenses	2,145,437	2,621,659
Gross profit - food and beverage	<u>1,705,055</u>	<u>1,122,121</u>
Total gross profit	<u>5,549,517</u>	<u>5,138,301</u>
Indirect operating expenses and other income:		
Salaries and benefits	2,701,169	2,193,035
Utilities	932,551	1,095,782
Repairs, maintenance	227,510	291,405
Supplies, equipment and postage	788,863	654,501
Insurance	351,364	247,577
Professional, computer and contract services	252,457	81,104
Advertising, public relations, travel, and training	477,871	148,924
Bad debt expense	35,805	-
Other income	(184,041)	(157,291)
Total indirect operating expenses and other income:	<u>5,583,549</u>	<u>4,555,037</u>
Net income/(loss)	<u>(34,032)</u>	<u>583,264</u>
Funds due to the City of Baton Rouge - Parish of East Baton Rouge:		
Beginning of year - as previously reported	2,181,099	1,194,738
Change in accounting principle (Note 2)	<u>(19,134)</u>	<u>(17,756)</u>
Beginning of year - restated	2,161,965	1,176,982
Expenses paid by the City-Parish for the River Center	963,813	1,066,752
Naming rights revenue retained by City-Parish	(418,500)	(418,500)
Rental waivers	<u>(366,980)</u>	<u>(246,533)</u>
End of year	<u>\$ 2,306,266</u>	<u>\$ 2,161,965</u>

See accompanying notes to special-purpose financial statements.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Special-Purpose Statements of Cash Flows
Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u> restated
Cash flows from operating activities:		
Net income/(loss)	\$ (34,032)	\$ 583,264
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Bad debt provision	35,805	-
Net change in operating assets and liabilities:		
(Increase) Decrease in receivables	(359,449)	102,939
Increase in amounts due from City Parish	(32,058)	(316,580)
Increase in inventory	(55,850)	(3,215)
Decrease (Increase) in prepaid expenses	145,209	(32,086)
Decrease in accounts payable	(546,753)	(1,562)
Increase (decrease) in accrued expenses	(97,829)	74,537
Increase (decrease) in unearned revenue	(1,508,293)	679,808
Net cash provided by (used in) operating activities	<u>(2,453,250)</u>	<u>1,087,105</u>
Cash flows from financing activities - Net funding from the City of Baton Rouge - Parish of East Baton Rouge	<u>178,333</u>	<u>401,719</u>
Net cash provided by financing activities	<u>178,333</u>	<u>401,719</u>
Net change in cash and cash equivalents	(2,274,917)	1,488,824
Cash and cash equivalents at beginning of year	<u>6,116,245</u>	<u>4,627,421</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,841,328</u></u>	<u><u>\$ 6,116,245</u></u>

See accompanying notes to special-purpose financial statements.

RAISING CANE'S RIVER CENTER BATON ROUGE, LOUISIANA

Notes to Special-Purpose Financial Statements

(1) Organization and Reporting Entity

The Raising Cane's River Center (the River Center) is a four-venue complex consisting of an arena, an exhibition hall, a convention center, and a performing arts theater located in Baton Rouge, Louisiana. The River Center is owned by the City of Baton Rouge - Parish of East Baton Rouge (the "City" or the "City-Parish") and operates as a facility for conventions and assembly events. Over time, the City has entered into a series of management agreements (the "Agreement") with SMG, a Pennsylvania general partnership, to provide management and operational services. The most recent agreement between SMG and the City became effective January 1, 2017. Under the agreement, SMG manages all of the activities and operations of the River Center including, but not limited to, the rental of space, advertising, promotion, marketing and sales, event management, public relations, procurement, maintenance, security, custodial and support services, and food and beverage operations. On January 1, 2020, SMG began its first full year of operations pursuant to a business combination agreement with AEG Facilities to form ASM Global (ASM). All rights, obligations, and terms of the existing management agreement with SMG continue under the newly formed entity. The management agreement was renewed effective January 1, 2022 under the name of ASM Global.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The special-purpose financial statements have been prepared to reflect the financial position and the results of operations of the River Center pursuant to the Agreement between ASM and the City. Accordingly, the Statement of Assets and Liabilities does not include all of the assets and liabilities relating to the River Center but includes only those assets and liabilities of the River Center's operations which are managed by ASM pursuant to the Agreement. Financial activity and balances not reflected herein include, but are not limited to, property, building, furniture and equipment, long-term debt issued to construct buildings and improvements, and grant revenues and expenses which are accounted for by the City-Parish. Such non-reflected activity and balances, along with activity and balances reported within these financial statements are reported within the River Center Enterprise Fund financial statements reported within the City-Parish's Annual Comprehensive Financial Report. These statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles promulgated by the Government Accounting Standards Board (GASB) as made applicable by the Agreement. Revenues are recognized when earned and expenses when incurred. Expenses do not, however, include charges for depreciation in connection with the assets, not reflected herein, interest on debt, nor do they include management fees described in footnote 5.

Event and Food and Beverage income is reported gross, with corresponding direct expenses reported separately. Direct expenses consist of those paid to promoters, subcontractors, concessionaires, and employees for compensation attributable to the events or Food and Beverage operations. Event revenue is recognized in the period in which the event is held. Unearned receipts for event rentals, advance deposits, and advance ticket sales are included in unearned revenue.

(b) Estimates

The preparation of financial statements requires 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 statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(2) Summary of Significant Accounting Policies (continued)

(b) *Estimates (continued)*

The allowance for uncollectible accounts receivable is the most significant estimate that is subject to change.

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include demand deposit accounts and short-term, highly liquid investments with original maturities of three months or less.

(d) *Concessions Inventory*

Inventory consists of food, beverages, and other resale items and is carried at cost. Inventory is charged to cost of sales using the first-in, first out method.

(e) *Compensated Absences*

The Center is operated by ASM employees. ASM employees earn or accrue vacation leave in varying amounts according to years of service. Employees considered exempt under the Fair Labor Standards Act cannot carryover unused vacation leave and therefore, no accrual is made. Non-exempt employees are allowed to carryover an amount of annual equal to twice their annual accrual and are paid up to 24 days upon termination.

Sick leave is earned up to a yearly maximum of ten days. Part-time employees may carryover unused sick time, however, all employees are limited to using ten days annually.

In accordance with GASB Statement No. 101, \$27,664 and \$19,134 has been recorded as of December 31, 2024 and 2023, respectively, for compensated absence liabilities for the leave described above that is more likely than not to be used for time off or paid in cash to employees.

(f) *Accounts Receivable*

Accounts receivables are recorded at the invoiced amount according to the event agreements net of an allowance for doubtful accounts. A general allowance for doubtful accounts receivable is based on management's assessment of the receivables, current economic conditions, experience, and other relevant factors. The River Center determines if receivables are past-due based on contractual terms of the agreement. No interest is charged on past-due accounts.

(g) *Accounting Changes and Error Corrections*

The River Center adopted Governmental Accounting Standards Board (GASB) Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB statement No. 62." The statement enhances financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information.

The River Center also adopted GASB Statement No. 101, Compensated Absences. Under this Statement, a liability for compensated absences is recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB 101 required the River Center to record the compensated absences as noted in the table below.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(2) Summary of Significant Accounting Policies (continued)

(g) Accounting Changes and Error Corrections (continued)

With implementation of adoption of GASB Statement No. 101, Compensated Absences, the calculation and recognition of earned accrued leave includes an assessment of the leave that is more likely than not to be paid-out or utilized in the future as of the balance sheet date in accordance with the Board's policy. The estimated assessed amount is required to be recorded as a liability.

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62, this retroactive change in accounting principle requires the beginning balance of net position to be restated to reflect the accrued leave as of the end of the prior year. As a result of the adoption of GASB Statement No. 101, Compensated Absences, a restatement of the beginning Due to the City of Baton Rouge-Parish of East Baton Rouge for the 2024 year and 2023 year was required as stated below.

Due to the City of Baton Rouge-Parish of East Baton Rouge as previously reported, December 31, 2023	\$ 2,181,099
Change in accounting principle	<u>(19,134)</u>
Due to the City of Baton Rouge-Parish of East Baton Rouge as restated, December 31, 2023	<u>\$ 2,161,965</u>
Due to the City of Baton Rouge-Parish of East Baton Rouge as previously reported, December 31, 2022	\$ 1,194,738
Change in accounting principle	<u>(17,756)</u>
Due to the City of Baton Rouge-Parish of East Baton Rouge as restated, December 31, 2022	<u>\$ 1,176,982</u>

Also, management has identified an error in the reporting of the Food and Beverage commissions paid to ASM by the City-parish. As noted in Note 3, the City-Parish pays certain expenses directly for the River Center that are recorded and reflected in the accompanying financial statements. In 2024, it was determined that the 2023 Food and Beverage amounts were so recorded and reflected in error. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, this error correction requires restatement of the expenses for all period presented.

The effects of the error to the 2023 financial statements were an overstatement of direct Food and Beverage Expenses of \$187,782 and an understatement of Food and Beverage Gross Profit and Net income for the same amount. The incentive management fees disclosed in Note 5 in the 2023 financial statements were understated by \$46,945.

The effects to the 2022 financial statements were an overstatement of direct Food and Beverage Expenses of \$84,492 and an understatement of Food and Beverage Gross Profit and Net income for the same amount. The incentive management fees disclosed in Note 5 in the 2022 financial statements were understated by \$21,123.

The amounts Due to City of Baton Rouge – Parish of East Baton Rouge were not affected by this error.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(3) Transactions and Balances between the City and the River Center

The continued operation of the River Center is dependent on funding from the City-Parish, and therefore the agreement between ASM and the City-Parish requires the City-Parish to pay certain operational expenses. Those expenses, totaling \$963,813 and \$1,066,752 for 2024 and 2023, respectively, are included within the accompanying financial statements. Primarily for convenience purposes, from time-to-time, the River Center may front costs that the City-Parish has agreed to reimburse. The City-Parish may choose to absorb these costs by either directly reimbursing the River Center or agreeing to reduce the amount the City-Parish is owed and which is reported in the accompanying financial statements as "Due to City-Parish" – see further explanation below. Costs to be reimbursed are reported as amounts "Due from the City-Parish," which totaled \$591,133 and \$559,075 as of December 31, 2024 and 2023, respectively.

Additionally, from time-to-time, the City-Parish will provide cash advances to the River Center. For fiscal years 2024 and 2023, no such cash advances were made.

The City-Parish also grants rental waivers to various organizations from time-to-time for events bringing a broader public benefit to Baton Rouge. Those waivers totaled \$366,980 and \$246,533 for 2024 and 2023, respectively, and are accounted for as revenue and corresponding reduction of amount "Due to City-Parish" in the accompanying financial statements.

The River Center has sold naming rights to Raising Cane's Restaurants, LLC. Those rights call for \$401,500 per year through 2022, increasing to \$418,500 in 2023 through 2025, with an option to renew at a negotiated price. Such amounts are deposited into the City-Parish's bank account, yet the River Center operations is credited with revenue for securing these rights. The naming rights revenue totaled \$418,500 for both 2024 and 2023, and are accounted for as revenue and corresponding reduction of "Due to the City Parish".

The financial statement line captioned "Due to the City-Parish", though reported as a liability, essentially serves as the City-Parish capital account. Expenses paid by the City for operations are credited to this account (or series of accounts in the general ledger) along with cash advances made by the City-Parish. Reductions to this capital account include rent waivers and unreimbursed costs to the River Center that the City elects to forego reimbursement.

(4) Deposits in Financial Institutions

The River Center's checking accounts are maintained at a financial institution with local branch locations and are protected against custodial credit risk by FDIC insurance and through pledged securities owned by the financial institution held in the Center's name by a third party. The actual bank balances of the cash and cash equivalents as of December 31, 2024 and 2023 were \$3,999,307 and \$5,845,090, respectively. No deposits were exposed to custodial credit risk as of December 31, 2024 and 2023.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Notes to Special-Purpose Financial Statements

(5) ASM's Base and Incentive Fees

Effective January 1, 2017, ASM (as successor to SMG) and the City entered into a management agreement replacing an expired agreement and an existing Food and Beverage (F&B) operations agreement. The agreement term was five years, was renewed January 1, 2022 for another five years, and called for ASM to be paid a base compensation of \$250,000 annually (adjusted for inflation). In addition to this base compensation management fee, an incentive management fee equal to twenty-five percent of improvement in net operating income in comparison to a net operating income benchmark as defined in the management agreement. Payment of the incentive management fee is contingent upon the following: (1) Customer Satisfaction Survey Score (50%) and (2) Achievement of net income levels established within an Annual Operating budget (50%). Also, SMG receives a 4% commission on the amount of F&B gross revenue during the year, without any budgetary or other benchmarks.

Assuming a positive outcome of item 1 (**which is unaudited**) and given achievement of the net income levels described in item 2 above, the total management fees earned for 2024 and 2023 were \$616,645 and \$749,068, which includes incentive fees of \$313,153 and \$457,244, respectively. The management fees are paid by the City-Parish and are therefore not reported as an expense in the accompanying statements of revenues and expenses. The F&B commission fees under the contract during the years ended 2024 and 2023 were \$154,020 and \$140,719, respectively. This commission is also paid by the City and are therefore not reported as an expense in the accompanying statements of revenues and expenses.

(6) Employee Benefit Plans

ASM is a plan sponsor of and participates in a 401(k) Savings and Retirement Plan (the Plan) with other related entities. All eligible employees, as defined in the Plan Document, may participate after one year of service. The benefit of investment gain and the risk of investment loss belong to the participant's accounts on the basis of the balances in those accounts. The amount contributed each year by the River Center is based on a matching formula defined in the Plan. For 2024 and 2023, ASM matched 40% of the first 5% of annual salary contributed to the plan by the employee. The amount contributed to the Plan and recorded as an expense for the years ended December 31, 2024 and 2023 was \$60,616 and \$42,704, respectively.

(7) Litigation and Claims

In the ordinary course of business, the River Center is a defendant in lawsuits and claims, both asserted and unasserted. Although the outcome of these lawsuits and certain claims is not presently determinable, the River Center's legal counsel intends to vigorously defend these matters so that adverse effects to the Center are minimized. For most of these matters, the resolution will not have a material adverse effect on the financial condition of the River Center.

(8) Subsequent Event

On August 23, 2024 Legends completed the acquisition of ASM Global. Subsequent to December 31, 2024, Legends formally changed its name to Legends Global on September 10, 2025. There were no changes to the existing contract between Legends Global and the City of Baton Rouge with respect to the management of the Raising Cane's River Center.

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 City of Baton Rouge -
Parish of East Baton Rouge and
ASM Global (successor to SMG):

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 special-purpose financial statements of the Raising Canes River Center (the River Center), as of and for the year ended December 31, 2024 and 2023, and the related notes to the special-purpose financial statements, and have issued our report thereon dated October 7, 2025.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

"EisnerAmper" is the brand name under which EisnerAmper LLP and Eisner Advisory Group LLC and its subsidiary entities provide professional services. EisnerAmper LLP and Eisner Advisory Group LLC are independently owned firms that practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations and professional standards. EisnerAmper LLP is a licensed CPA firm that provides attest services, and Eisner Advisory Group LLC and its subsidiary entities provide tax and business consulting services. Eisner Advisory Group LLC and its subsidiary entities are not licensed CPA firms.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the River Center's special-purpose 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



EISNERAMPER LLP
Baton Rouge, Louisiana
October 7, 2025



**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Schedule of Findings and Questioned Costs

A. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

Material weakness(es) identified?

 X Yes No

- Significant deficiency(ies) identified that are
Not considered to be material weaknesses?

 X Yes None reported

Noncompliance material to financial
statements Noted?

 Yes X No

B. Findings – Financial Statement Audit

2024-001 Accounting and Financial Reporting

Criteria:

Government Auditing Standards require that entities maintain complete and accurate financial records and establish internal controls that support reliable financial reporting. Additionally, generally accepted accounting principles (GAAP) require proper classification, reconciliation, and documentation of financial transactions.

Condition:

At the beginning of the audit, the client's accounting records revealed several areas needing improvement, particularly in organization, documentation and accuracy. Notably, the general ledger contained unreconciled account balances, and many errors in the recording of transactions and balances. These issues were addressed progressively as audit procedures were performed, leading management to make adjustments to ensure the financial statements were materially accurate.

Cause:

These issues appear to have resulted primarily from the recent implementation of new accounting software. The transition introduced challenges related to system configuration, data migration, and user adaptation. In particular, insufficient internal controls over financial reporting, limited oversight of accounting activities, and inadequate staff training on the new system contributed to errors in account reconciliation and documentation.

Effect:

The condition led to delays in the audit timeline, increased audit effort, and a higher risk of material misstatement. The reliability of financial data used for internal decision-making and external reporting was compromised, and the entity's ability to demonstrate compliance with applicable laws and regulations was weakened.

Recommendation(s):

We recommend that management strengthen internal controls over the accounting function by:

- Providing comprehensive training to accounting personnel on the new system's functionality and reporting features

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

B. Findings – Financial Statement Audit (continued)

2024-001 Accounting and Financial Reporting (continued)

- Conducting timely reconciliations of key accounts (e.g., cash, receivables, payables)
- Ensuring all journal entries are properly documented, reviewed, and approved
- Perform periodic internal reviews to identify and correct errors proactively.

Management Response:

Our corporate office, ASM, transitioned from Sage/Peachtree to D365/DeFacto financial software mid-year 2024. Corporate provided all training for the new systems remotely. Two newly hired accountants completed the training but are no longer employed with the facility. Following their departure, our new Accounting Manager identified several errors prior to the audit. At that time, we began making the necessary adjustments to the financials and continued as we reconciled accounts payable.

We informed the audit team that adjustments were in progress before submitting the trial balance, though we did not specify the extent of those revisions. In addition to the corporate-provided training, we have since implemented our own detailed, hands-on training sessions with the current accounting team.

We continue to reconcile all balance sheet accounts on a monthly basis. As the accounting team has become more familiar with the D365 accounts payable process, they have developed a stronger understanding of how payables clear, ensuring that each month is properly closed before proceeding to the next. The D365 workflow also incorporates review and approval by the accounting team and the AGM and/or General Manager, further strengthening internal controls. As we gain a full year of experience with the new software, our team's proficiency and understanding of its capabilities will continue to grow.

2024-002 Unnecessary and Unrelated Payments

Criteria:

Section 2.3 of the management agreement between ASM and the City-Parish calls for ASM, as agent and on-behalf of the City-Parish, to pay all operating expenses of the River Center. Acting in this fiduciary capacity, ASM can take advantage of sales tax exemption on certain purchases.

Condition (s):

In performing our audit procedures, we noted expenses for travel to Lake Charles and Shreveport that may have been unrelated to the operation of the River Center. Such costs that we observed amounted to \$8,611. Also, approximately \$137,000 of expenses, including the aforementioned travel, were paid through reimbursement to ASM employees of expenses charged to ASM credit cards. Such purchases and reimbursement thereof did not take advantage of the City-Parish's sales tax exemption.

Cause:

The convenience and practicality of using a credit card was prioritized in certain situations, even for costs unrelated to the River Center.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

B. Findings – Financial Statement Audit (continued)

2024-002 Unnecessary and Unrelated Payments (continued)

Effect:

Costs were incurred in excess that which was necessary/and or were potentially unrelated to the business of the River Center. Amounts potentially unrelated to River Center business totaled \$8,611, the unnecessary sales taxes paid are estimated to range \$10,000-\$15,000. With respect to the travel costs to Lake Charles and Shreveport, it is acknowledged that these costs were reimbursed to the River Center by ASM, as they pertained to facilities managed by ASM in those cities.

Something else to consider is that the credit cards being reimbursed are jointly held in the name, or account of ASM and the ASM employee. The practice of reimbursing the employee rather than paying the credit card company raises the risk of duplicate reimbursement to the employee from both ASM and the City-Parish.

Recommendation(s):

To take advantage of sales tax exemptions and to minimize the risks of unrelated payments, operating costs paid by way of credit card and then reimbursed should be minimized. Additionally, these reimbursements should be paid directly to the credit card company rather than the employee. We also recommend the City-Parish personnel review these credit card transactions once a month.

Management Response:

All costs unrelated to the River Center were fully reimbursed by other facilities. Additionally, most travel-related expenses require the use of a credit card, as do certain vendors such as corporate storage facilities and social media advertising platforms. It is virtually impossible to exclude sales tax from charges such as hotel stays, airfare, and restaurant meals. Facebook and similar online platforms do not charge any taxes at all. Where reasonably possible, we will continue to limit the use of credit cards.

**RAISING CANE'S RIVER CENTER
BATON ROUGE, LOUISIANA**

Summary Schedule of Prior Audit Findings

None