

NEW ORLEANS REDEVELOPMENT AUTHORITY

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements as listed in the Table of Contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **NORA's** preparation and fair presentation of the financial statements 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 **NORA's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit information, and the aggregate remaining funds of **NORA** as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Emphasis of a Matter

As described in NOTE 3, other post-retirement benefits liability at December 31, 2019 was \$1,521,369. The liability was based on various actuarial valuation assumptions made by the respective fund's actuary and management of NORA. Because actual experience may differ from the assumptions used in the actuarial valuation, there is the risk that the liability at December 31, 2019 could be under or over stated.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 16 and Schedules III (Schedule of Other Post Employment Benefit Plan - OPEB) and IV (Schedule of Contribution) on pages 97-98 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Other Matters, Continued

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **New Orleans Redevelopment Authority's** basic financial statements. The accompanying Exhibits A, B, C, D, E, F and G have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2020 on our consideration of **NORA'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 the effectiveness of **NORA's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **NORA's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 30, 2020

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This report offers readers of these financial statements an overview and analysis of the financial activities of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2019 in comparison to December 31, 2018. This narrative is designed to assist the reader in focusing on significant financial issues, identify changes in **NORA's** financial position, identify any material deviations from the approved budget documents, and identify individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is designed to focus on **NORA's** current year activities, resulting changes and currently known facts.

FINANCIAL HIGHLIGHTS

NORA's assets exceeded its liabilities and deferred resources by \$3,276,047 and \$3,153,300 for the years ended 2019 and 2018.

NORA's net position increased at December 31, 2019 by \$122,747, net after the effect of a prior period adjustment of \$44,580. For December 31, 2018, net position decreased by a net of \$438,115 after the effect of a net prior period adjustments of \$403,804. The increase in net position for the year ended December 31, 2019 was primarily due to growth in income from reversion activities. The decrease in net position for 2018, was primarily due to the impact of GASB 75 implemented during 2018 for OPEB. (See footnote 3 for additional discussion). For the years ended December 31, 2019 and 2018, net revenues (expenses) were \$14,628 and (\$105,232), respectively for the governmental activities. Similarly, net revenues (expenses) for the business type activities were \$152,699 in 2019 and \$70,921 in 2018.

At December 31, 2019 and 2018, **NORA's** governmental funds reported combined fund balance of \$327,540 and \$285,914 for the years ended December 31, 2019, respectively.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

OVERVIEW OF THE FINANCIAL STATEMENTS

NORA's financial statements focus' on the government as a whole (government-wide), major individual funds and the aggregate remaining funds. Both perspectives (government-wide, major fund and the aggregate remaining funds) allow the reader to address relevant questions, broaden a basis for comparison (year to year of government to government) and should enhance **NORA's** accountability.

Management's Discussion and Analysis introduces **NORA's** basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. **NORA** also includes in this report additional information to supplement the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements on pages 17 through 19 are designed to be similar to private-sector business. These statements combine **NORA's** current financial resources with capital assets and long-term obligations.

The Statement of Net Position on pages 17 and 18 present information on all of **NORA's** assets and liabilities, with the difference between the two reported as net position. Over time, changes in net position may serve as a useful indicator of whether the financial position of **NORA** is improving or deteriorating.

At December 31, 2019 and 2018, **NORA** recorded a cumulative unfunded OPEB of \$1,521,369 and \$1,472,569, respectively.

Deferred inflows of resources at December 31, 2019 was \$34,003,912 and \$38,182,370 for December 31, 2018. The deferred inflows of resources represent the acquisition of funds applicable to future years.

At December 31, 2019 and 2018, **NORA** reported deferred inflow of resources (OPEB) of \$144,620 and \$196,385, respectively and \$193,420 and \$151,663 of deferred outflows of resources (OPEB).

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Government-Wide Financial Statements, Continued

The Statement of Activities on page 19, presents information showing how **NORA's** assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (i.e., earned but unused vacation leave result in cash flows for future periods). The focus of the Statement of Activities is on both the gross and net cost of various activities, which are provided by **NORA's** grant revenues. This is intended to summarize information and simplify the user's analysis of cost of various governmental services.

The governmental activities reflect **NORA's** basic services including the rehabilitation and/or removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community. The business-type activities of **NORA** reflect the development of viable urban communities including decent housing and suitable living environments and expanding economic opportunities, principally for persons of low and moderate income.

These services are financed primarily with grants, proceeds from sales of inventory, debt and other charges.

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. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. The focus is now on major funds, rather than generic fund types. Within the basic financial statements, fund financial statements focus on **NORA's** most significant funds rather than **NORA** as a whole. Major funds are separately reported while others are combined into a single, aggregated presentation.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Fund Financial Statements, Continued

NORA's funds can be divided into two categories: governmental funds and proprietary funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. NORA's governmental funds on pages 20 through 37 are presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and accounting principles generally accepted in the United States of America.

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 year. Such information may be useful in evaluating NORA's current financing requirements.

Proprietary funds on pages 38 through 40 provide the same type of information as the government-wide financial statements, only in more detail for the enterprise fund.

The governmental major funds total column requires reconciling because of the different measurement focus which is reflected on the page following each statement. The reconciliation incorporates long-term obligations and capital assets, as applicable into the government-wide statements.

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 are a required part of the basic financial statements and can be found on pages 41 through 82 of the accompanying audit report.

Supplementary, Required Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information which can be found on pages 86 through 92 of this report. A Schedule of Expenditures of Federal Awards can be found on pages 93 and 94. Schedule II can be found on page 95. Also, the Required Supplementary Information (Schedules III and IV, can be found on pages 97 and 98. The supplementary sections are included for additional information and analysis and do not constitute a part of the basic financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Using This Annual Report

Our auditors have provided assurance in their independent auditor's report located immediately preceding this Management's Discussion and Analysis. That opinion is unmodified with respect to the basic financial statements. Varying degrees of assurances are being provided by the auditors regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Financial Analysis of NORA as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of **NORA** as a whole.

STATEMENT OF NET POSITION COMPARATIVE DATA

	December 31,		Amount of Change
	2019	2018	Increase (Decrease)
Current assets	\$56,851,539	\$60,583,385	\$(3,731,846)
Noncurrent assets	18,917,860	20,843,341	(1,925,481)
Deferred outflows	193,420	196,385	(2,965)
Total assets and deferred outflows of resources	75,962,819	81,623,111	(5,660,292)
Current liabilities	26,598,578	27,613,722	(1,015,144)
Noncurrent liabilities	11,939,662	12,522,056	(582,394)
Total liabilities	38,538,240	40,135,778	(1,597,538)
Deferred inflows of revenues	34,148,532	38,334,033	(4,185,501)
Total liabilities and deferred inflows of resources	72,686,772	78,469,811	(5,783,039)
Net position:			
Net investment in capital assets	311,088	359,058	(47,970)
Unrestricted	2,920,959	2,750,242	170,717
Restricted	44,000	44,000	-0-
Net position	\$ 3,276,047	\$ 3,153,300	\$ 122,747

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

NORA's net position at December 31, 2019 and 2018 were \$3,276,047 and \$3,153,300. Of these amounts, \$311,088 and \$359,058 represent the amount of investment in capital assets in 2019 and 2018, respectively. The remaining \$2,920,959 for 2019 and \$2,750,242 for 2018 represent unrestricted net position, and \$44,000 for 2019 and 2018, respectively.

Current assets decreased from \$60,583,385 in 2018 to \$56,851,539 in 2019 and from \$66,608,071 in 2017 to \$60,583,385 in 2018. The change in current assets relates primarily to the net effect of disposition of land and structures in **NORA's** inventory under the Road Home Disposition Program and the timely collection of grants receivable and program income. These properties are disposed of through various development mechanisms with the income returned to the appropriate fund.

Capital assets at December 31, 2019, reflects a decrease from \$359,058 in 2018 to \$311,088 in 2019 as a result of the impact of depreciation expense. Further capital assets increased from \$96,081 in 2017 to \$359,058 in 2018 as a result of the net impact of depreciation expense, and an unrecorded addition to **NORA's** parking lot.

At December 31, 2019, loans receivable, net reflects a decrease of \$304,359 from 2018 due to the net impact of origination and payments of loans.

Likewise, at December 31, 2018, loans receivable, net increased by \$551,498 from 2017 to 2018 as a result of additional loans origination for construction related activities.

For 2019, current liabilities decreased from \$27,613,722 in 2018 to \$26,598,578 in 2018 due to real property activities.

For 2018, current liabilities increased from \$27,448,012 to \$27,613,722 due to **NORA's** real property disposition and sales activities.

At December 31, 2019, noncurrent liabilities decreased from \$12,522,056 in 2018 to \$11,939,662 in 2019, due to the level of loans originated.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

At December 31, 2018, noncurrent liabilities increased from \$11,011,546 in 2017 to \$12,522,056 in 2018 due to the implementation of GASB No. 75 in 2018. At December 31, 2017, noncurrent liabilities decreased by \$1,287,067 primarily due to the leveling of loans to developers.

Deferred outflows of resources at December 31, 2019 was \$193,420 to \$196,385 at December 31, 2018.

Likewise, deferred inflows of resources was \$34,148,532 at December 31, 2019 versus \$38,334,033 at December 31, 2018. The change in 2019 is the result of a net change in cost of program activities and the level of earned program income for the year ended December 31, 2019.

Deferred outflows of resources at December 31, 2018 was \$196,385 to \$-0- for 2017 as a result of the implementation of GASB No. 75 in 2018. Also, at December 31, 2018, deferred inflows of resources was \$38,334,033 and \$39,573,222 at December 31, 2017. The decrease is due to the recognition of program income from activities funded in 2018 for the cost of program activities.

NORA's major source of program revenues totaling \$2,596,669 and \$3,559,268 for the years ended December 31, 2019 and 2018, represent grants and/or subsidies from governmental entities, proceeds from sale of real property and fees charged for services. The decrease is primarily attributable to the level of construction related activities due to the phase out in 2019 of the Disaster Corridor and level of expense incurred in the Road Home Property Disposition Program. Of the program revenues amount, \$2,224,014 and \$2,905,489 in 2019 and 2018, respectively, are included in the governmental fund. General revenues constitute the remaining source of revenues totaling \$9,247,902 in 2019 and \$7,593,073 in 2018, which are primarily the result of program income.

For the years ended 2018 and 2017 **NORA's** major source of program revenues totaling \$3,559,768 and \$3,167,125, represent grants and/or subsidies from governmental entities, proceeds from sale of real property and fees charged for services. The increase was primarily attributable to the level of construction related activities. Of the program revenues amount, \$2,905,489 and \$1,423,731 in 2018 and 2017 respectively, are included in the governmental fund. General revenues constitute the remaining source of revenues totaling \$7,593,073 in 2018 and \$7,442,707 in 2017, which is primarily the result of program income.

NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

NORA's proprietary funds' revenue (program and general) resulted from contributions, fees and other income in the amount of \$780,462 and 708,404 in 2019 and 2018, respectively. NORA's major source of general revenues came from interest income on cash investments and program income.

NORA's proprietary funds' revenue (program and general) resulted from contributions fees and other income in the amount of \$708,404 and \$1,632,437 in 2018 and 2017. NORA's major source of general revenues came from interest income on cash investments and program income.

Program expenses for the governmental activities were \$11,049,481 and \$10,549,169 in 2019 in 2018 for the governmental funds. For the business-type activities expenses totaled \$637,763 and \$637,483 for 2019 and 2018, respectively.

For the year's ended December 31, 2018 and 2017, program expenses for the governmental activities were \$10,549,169 and \$8,663,758. For the business-type activities expenses totaled \$637,483 and \$602,197 for 2018 and 2017, respectively.

The major components of program expenses for the years ended in 2019 and 2018, were related to salaries and related fringe benefits, purchase or investment in the development of properties in New Orleans, property maintenance, and other contractual services related to property acquisition and redevelopment.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

**STATEMENT OF ACTIVITIES COMPARATIVE DATA
FOR THE YEARS ENDED**

	<u>December 31,</u>		Amount of Change Increase (Decrease)
	<u>2019</u>	<u>2018</u>	
Program Revenues:			
Operating grants and contributions	\$ 2,224,014	\$ 2,961,489	\$ (737,475)
Sales of inventory	332,605	557,675	(225,070)
Fees and other	<u>40,050</u>	<u>40,104</u>	<u>(54)</u>
	<u>2,596,669</u>	<u>3,559,268</u>	<u>(962,599)</u>
General Revenues:			
Interest income	540,627	375,435	165,192
Program income	6,896,275	6,122,097	774,178
Other income	<u>1,811,000</u>	<u>1,095,541</u>	<u>715,459</u>
	<u>9,247,902</u>	<u>7,593,073</u>	<u>1,654,829</u>
Expenses:			
General expenses	<u>11,677,244</u>	<u>11,186,652</u>	<u>490,592</u>
Change in net position	167,327	(34,311)	201,638
Net position, beginning of year, as restated	<u>3,108,720</u>	<u>3,187,611</u>	<u>(78,891)</u>
Net position, end of year	<u>\$ 3,276,047</u>	<u>\$ 3,153,300</u>	<u>\$ 122,747</u>

Financial Analysis of NORA's Funds

Governmental Funds: As discussed, the focus of NORA's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing NORA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of NORA's net resources available for spending at the end of the year.

At December 31, 2019 and 2018, NORA's governmental funds reported combined fund balance of \$327,540 and \$285,914, respectively.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Financial Analysis of NORA's Funds, Continued

Major Governmental Funds: The general fund is the chief operating fund of NORA. At December 31, 2019 and 2018, unassigned fund balance of the general fund was \$327,540 and \$285,914, respectively.

The Blighted Properties Removal Program Fund receives funding under contract with the City of New Orleans to provide rehabilitation, clearance and redevelopment of slums in blighted areas of the City of New Orleans. The fund balance always reflects a zero balance as this fund operates on a cost-reimbursement basis.

Proprietary Funds: The focus of NORA's proprietary funds is to provide the same type of information found in the government-wide financial statements, but in more detail.

Major Proprietary Funds: Net position at December 31, 2019 and 2018 amounted to \$4,368,440 and \$4,215,741, representing an increase of \$152,699 and \$300,478, respectively. Of the total net position, net investment in capital assets were \$258,452 and \$279,566 in 2019 and 2018.

General Fund Budgetary Highlights

The Blighted Properties Removal Program Fund's entitlement program grants' original budgets for the fiscal years 2019 and 2018 were \$1,000,000 for each year.

In addition, NORA received blighted related program funding (City of New Orleans and State) and Construction Lending Extended funds to rehabilitate and redevelop blight properties.

Capital Asset and Debt Administration

At December 31, 2019 and 2018, NORA had \$311,088 and \$359,058 in investment in capital assets consisting principally of land. See NOTE 6 for detail composition of capital assets.

At December 31, 2019 and 2018 NORA had no debt.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Economic Factors and Next Year's Budget and Rates

NORA's budget for 2020 covers multiple years. Those sources include:

<i>City of New Orleans</i>	\$11.4M
Funding from the City of New Orleans for administrative and program delivery costs, acquisition, and redevelopment for blight reduction, management of disposition activities, redevelopment planning, and reuse of vacant blighted properties into active outdoor space.	
<i>Housing Construction Loan Fund</i> (through City of New Orleans and State of Louisiana)	\$6.5M
Funding has been established for Housing Construction Loan Fund through NORA's non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc. (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the City's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.	
<i>National Disaster Resilience Communities (NDRC)</i>	\$5.3M
Funds provided by the City of New Orleans with CDBG National Disaster Resilience (CDBG-NDR) awarded under the National Disaster Resilience Competition for the purpose of designing and implementing a program that offers new storm water management interventions on privately owned property and benefits low/moderate income residents. The green infrastructure interventions will promote best practices in diverting stormwater away from the public drainage system.	
<i>Neighborhood Stabilization 2 (NSP2)</i>	\$.73M
In February 2010, NORA was awarded \$29.7 million from the U.S. Department of Housing and Urban Development to fund the Neighborhood Stabilization 2 (NSP2) Program. NORA generated program income from the sale of homes it developed and repayment of homebuyer subsidy when homes are resold to non-qualified households. This Program Income has been retained and will be used to develop new affordable rental or homeownership units or provide homebuyer assistance on units qualified census tracts.	
<i>Ford Foundation</i>	\$.47M
NORA will deploy its remaining program funds on a large acquisition of a cluster of thirteen (13) commercial and residential properties near the intersection of St. Bernard and North Claiborne Avenues, in accordance with the original intent of the program.	
<i>FEMA</i>	\$.38M
FEMA Hazard Mitigation funding for design and construction administration of a storm water mitigation/drainage upgrade project in the Gentilly area. The funding is for PHASE II of the proposed project.	

**NEW ORLEANS REDEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED**

Although **NORA** has a significant budget for 2019, there are still challenges that **NORA** must overcome. Primarily, all of the funding anticipated is on a cost reimbursement basis.

CYBERBREACH

NORA's financial database application is located on the City of New Orleans server and as a result was subject to the cyberbreach on December 8, 2019. From December 8, 2019 through February 17, 2020, **NORA's** staff worked with the City's Information Technology department and recovered the financial management system, (NW ERP) Logos.net, to include all related data through the cyberbreach date of December 8, 2019.

Requests for Information

The report is designed to provide a general overview of **NORA's** finances for all those that are interested in **NORA's** finances. Any questions concerning any of the enclosed information in this report and/or requests for additional information should be addressed to the Executive Director, New Orleans Redevelopment Authority, 1409 Oretha Castle Blvd., New Orleans, Louisiana 70113.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	<u>ASSETS</u>			
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u> <u>Primary</u> <u>Unit</u>	<u>Component</u> <u>Unit</u>
Current assets:				
Cash unrestricted (NOTE 4)	\$1,008,160	\$ 376,779	\$ 1,384,939	\$ 141,058
Cash restricted (NOTE 5)	3,474,030	-	3,474,030	-
Amounts receivable (NOTE 17)	123,384	2,304	125,688	1,212
Grant receivable (NOTE 8)	1,380,301	-	1,380,301	786,535
Accrued interest receivable	361,546	-	361,546	-
Prepaid items and other assets (NOTE 19)	88,766	200,249	289,015	465
Land, unimproved land and structure (NOTE 7)	25,001,780	2,621,863	27,623,643	-
Due from funds, net	319,970	-	319,970	-
Investments unrestricted (NOTE 20)	667,313	954,593	1,621,906	1,637,705
Investments restricted (NOTE 21)	19,598,243	-	19,598,243	-
Loans receivable, net (NOTE 24)	<u>672,258</u>	<u>-</u>	<u>672,258</u>	<u>637,268</u>
Total current assets	<u>52,695,751</u>	<u>4,155,788</u>	<u>56,851,539</u>	<u>3,204,243</u>
Noncurrent assets:				
Cash restricted (NOTE 5)	3,757,470	-	3,757,470	-
Capital assets, net (NOTE 6)	52,636	258,452	311,088	-
Loans receivable, net (NOTE 24)	<u>14,154,097</u>	<u>695,205</u>	<u>14,849,302</u>	<u>1,094,174</u>
Total noncurrent assets	<u>17,964,203</u>	<u>953,657</u>	<u>18,917,860</u>	<u>1,094,174</u>
Total assets	<u>70,659,954</u>	<u>5,109,445</u>	<u>75,769,399</u>	<u>4,298,417</u>
Deferred outflows of resources:				
Deferred outflows other post employment benefits (NOTE 28)	<u>193,420</u>	<u>-</u>	<u>193,420</u>	<u>-</u>
Total deferred outflows of resources	<u>193,420</u>	<u>-</u>	<u>193,420</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$70,853,374</u>	<u>\$5,109,445</u>	<u>\$75,962,819</u>	<u>\$4,298,417</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION, CONTINUED
DECEMBER 31, 2019

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Unit</u>	<u>Component Unit</u>
Current liabilities:				
Amounts payable - vendors	\$ 1,146,352	\$ 8,394	\$ 1,154,746	\$ 344,670
Amounts payable - State of Louisiana	25,002,815	-	25,002,815	-
Accrued salaries, taxes and other withholdings payable	127,235	-	127,235	9,159
Deposits held for buyers (NOTE 15)	95,702	37,406	133,108	-
Due to other funds, net	-	-	-	319,970
Compensated absences payable (NOTE 14)	180,674	-	180,674	-
Current portion of unearned charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>637,268</u>
Total current liabilities	<u>26,552,778</u>	<u>45,800</u>	<u>26,598,578</u>	<u>1,311,067</u>
Noncurrent liabilities:				
Compensated absences payable (NOTE 14)	5,765	-	5,765	-
Unfunded other post employment benefits (NOTE 3)	1,521,369	-	1,521,369	-
Revolving loan (NOTE 25)	<u>10,412,528</u>	<u>-</u>	<u>10,412,528</u>	<u>2,545,320</u>
Total noncurrent liabilities	<u>11,939,662</u>	<u>-</u>	<u>11,939,662</u>	<u>2,545,320</u>
Total liabilities	<u>38,492,440</u>	<u>45,800</u>	<u>38,538,240</u>	<u>3,856,387</u>
Deferred inflows of resources:				
Deferred grant funds and cost of assets (NOTE 27)	33,308,707	695,205	34,003,912	263,416
Deferred inflow other post employment liability (NOTE 28)	144,620	-	144,620	-
Unearned revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,725</u>
Total deferred inflows of resources	<u>33,453,327</u>	<u>695,205</u>	<u>34,148,532</u>	<u>329,141</u>
Total liabilities and deferred inflows of resources	<u>71,945,767</u>	<u>741,005</u>	<u>72,686,772</u>	<u>4,185,528</u>
Net position:				
Net investment in capital assets	52,636	258,452	311,088	-
Unrestricted	(1,145,029)	4,065,988	2,920,959	112,889
Restricted (NOTE 29)	<u>-</u>	<u>44,000</u>	<u>44,000</u>	<u>-</u>
Total net position	<u>\$ (1,092,393)</u>	<u>\$ 4,368,440</u>	<u>\$ 3,276,047</u>	<u>\$ 112,889</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION		Total Primary Unit	Component Unit
	Expenses	Charges for Services	Grants/ Contributions	Governmental Activities	Business Type Activities		
Governmental Activities:							
Blighted Properties Removal Program:							
Community Development Block Grant:							
Nonmajor	\$3,653,276	\$ -0-	\$1,773,266	\$(1,880,010)	\$ -0-	\$(1,880,010)	\$ -0-
Disaster O C Haley	509,502	-0-	396,174	(113,328)	-0-	(113,328)	34,275
Road Home Property Disposition	3,160,107	-0-	-0-	(3,160,107)	-0-	(3,160,107)	-0-
Construction Lending Expanded	-0-	-0-	-0-	-0-	-0-	-0-	197,151
Construction Lending Extended	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Housing Opportunity Zone	-0-	-0-	-0-	-0-	-0-	-0-	4,380
Orleans Housing Investment Program	-0-	-0-	-0-	-0-	-0-	-0-	1,378,374
General Fund	1,097,552	-0-	54,574	(1,042,978)	-0-	(1,042,978)	-0-
Strategic Acquisition Fund	2,629,044	-0-	-0-	(2,629,044)	-0-	(2,629,044)	-0-
Total governmental activities	<u>\$11,049,481</u>	<u>\$ -0-</u>	<u>\$2,224,014</u>	<u>\$(8,825,467)</u>	<u>-0-</u>	<u>\$(8,825,467)</u>	<u>1,614,180</u>
Business-type Activities:							
Real Estate Acquisition and Land Banking Mechanism	\$ 627,763	\$ 40,050	\$ -0-	-0-	(587,713)	(587,713)	-0-
Total business-type activities	<u>\$ 627,763</u>	<u>\$ 40,050</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>(587,713)</u>	<u>(587,713)</u>	<u>-0-</u>
Component Unit:							
New Orleans Redevelopment Unlimited	\$ -0-	\$ -0-	\$ -0-	-0-	-0-	-0-	1,639,697
Total component unit	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,639,697</u>
General Revenues:							
Interest income				524,246	16,381	540,627	40,201
Program income				6,896,275	332,605	7,228,880	-0-
Other revenue				1,419,574	391,426	1,811,000	6,472
Total general revenues				<u>8,840,095</u>	<u>740,412</u>	<u>9,580,507</u>	<u>46,673</u>
Changes in net position				<u>14,628</u>	<u>152,699</u>	<u>167,327</u>	<u>21,156</u>
Net position, beginning of year				(1,062,441)	4,215,741	3,153,300	91,733
Prior period adjustment (NOTE 31)				(44,580)	-0-	(44,580)	-0-
Net position, beginning of year, as restated				<u>(1,107,021)</u>	<u>4,215,741</u>	<u>3,108,720</u>	<u>91,733</u>
Net position, end of year				<u>\$(1,092,393)</u>	<u>\$4,368,440</u>	<u>\$ 3,276,047</u>	<u>\$ 112,889</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

ASSETS

GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>CDBG-Disaster Oretha Castle Haley Fund</u>	<u>Road Home Property Disposition Fund</u>	<u>Strategic Acquisition Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash unrestricted	\$1,008,160	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$1,008,160
Cash restricted	-0-	-0-	-0-	1,577,580	5,653,920	7,231,500
Amounts receivable, net	49,976	-0-	40,050	214	33,144	123,384
Accrued interest receivable	-0-	361,546	-0-	-0-	-0-	361,546
Prepaid items and other assets	25,209	-0-	52,346	-0-	11,211	88,766
Grants receivable	-0-	-0-	-0-	-0-	1,193,862	1,193,862
Loans receivable, net	777,720	7,671,901	3,139,039	14,500	3,223,195	14,826,355
Due from other funds	1,348,454	-0-	-0-	-0-	960,665	2,309,119
Investments unrestricted	667,313	-0-	-0-	-0-	-0-	667,313
Investments restricted	-0-	1,385,357	17,996,622	-0-	216,264	19,598,243
Land, unimproved land and structures	<u>-0-</u>	<u>-0-</u>	<u>21,077,807</u>	<u>2,779,003</u>	<u>1,144,970</u>	<u>25,001,780</u>
Total assets	<u>\$3,876,832</u>	<u>\$9,418,804</u>	<u>\$42,305,864</u>	<u>\$ 4,371,297</u>	<u>\$12,437,231</u>	<u>\$72,410,028</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2019

LIABILITIES AND FUND BALANCES

	GOVERNMENTAL FUNDS					Total Governmental Funds
	General Fund	CDBG-Disaster Oretha Castle Haley Fund	Road Home Property Disposition Fund	Strategic Acquisition Fund	Nonmajor Governmental Funds	
Liabilities:						
Amounts payable - vendors	\$ 72,462	\$ 516	\$ 129,774	\$ 228,972	\$ 714,628	\$ 1,146,352
Amounts payable - State of Louisiana	-0-	-0-	21,077,807	2,779,003	1,146,005	25,002,815
Due to other funds	120,362	126,962	960,665	-0-	781,160	1,989,149
Salaries and related payroll taxes	22,008	3,406	36,028	3,201	62,592	127,235
Revolving loans	777,720	7,934,808	-0-	-0-	1,700,000	10,412,528
Deposits held for buyers	<u>-0-</u>	<u>-0-</u>	<u>89,927</u>	<u>2,275</u>	<u>3,500</u>	<u>95,702</u>
Total liabilities	<u>992,552</u>	<u>8,065,692</u>	<u>22,294,201</u>	<u>3,013,451</u>	<u>4,407,885</u>	<u>38,773,781</u>
Deferred Inflows of Resources:						
Deferred grant funds and cost of assets	<u>2,556,740</u>	<u>1,353,112</u>	<u>20,011,663</u>	<u>1,357,846</u>	<u>8,029,346</u>	<u>33,308,707</u>
Total deferred inflows of resources	<u>2,556,740</u>	<u>1,353,112</u>	<u>20,011,663</u>	<u>1,357,846</u>	<u>8,029,346</u>	<u>33,308,707</u>
Fund balances:						
Unassigned	<u>327,540</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>327,540</u>
Total fund balances	<u>327,540</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>327,540</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,876,832</u>	<u>\$ 9,418,804</u>	<u>\$ 42,305,864</u>	<u>\$ 4,371,297</u>	<u>\$ 12,437,231</u>	<u>\$ 72,410,028</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

ASSETS

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					
<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>		<u>Page Total</u>
Cash unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Cash restricted	-0-	-0-	-0-	-0-	-0-	-0-
Amounts receivable, net	-0-	-0-	-0-	-0-	-0-	-0-
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	7,810	-0-	-0-	-0-	-0-	7,810
Grants receivable	486,737	-0-	364,906	-0-	216,433	1,068,076
Loans and receivable, net	-0-	135,585	-0-	-0-	-0-	135,585
Due from other funds	-0-	-0-	-0-	-0-	-0-	-0-
Investments unrestricted	-0-	-0-	-0-	-0-	-0-	-0-
Investments restricted	-0-	-0-	-0-	-0-	-0-	-0-
Land, unimproved land and structures	<u>603</u>	<u>118,400</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>119,003</u>
Total assets	<u>\$495,150</u>	<u>\$253,985</u>	<u>\$364,906</u>	<u>\$-0-</u>	<u>\$216,433</u>	<u>\$1,330,474</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2019

ASSETS

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					<u>Page Total</u>
	<u>Housing Opportunity Zone</u>	<u>Orleans Housing Investment Program</u>	<u>Construction Lending Expanded</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Affordable Housing Pilot Program</u>	
Cash unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Cash restricted	-0-	3,278,586	-0-	708,054	64,443	4,051,083
Amounts receivable, net	-0-	-0-	-0-	31,606	1,538	33,144
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	-0-	-0-	-0-	-0-	3,401	3,401
Grants receivable	2,091	-0-	16,209	-0-	-0-	18,300
Loans receivable, net	-0-	-0-	-0-	2,764,702	319,408	3,084,110
Due from other funds	-0-	960,665	-0-	-0-	-0-	960,665
Investments unrestricted	-0-	-0-	-0-	-0-	-0-	-0-
Investments restricted	-0-	-0-	-0-	-0-	216,264	216,264
Land, unimproved land and structures	-0-	-0-	-0-	-0-	854,967	854,967
 Total assets	 <u>\$2,091</u>	 <u>\$4,239,251</u>	 <u>\$16,209</u>	 <u>\$3,504,362</u>	 <u>\$1,460,021</u>	 <u>\$9,221,934</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2019

ASSETS

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					
	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Facade Renew</u>	<u>Facade Renew 2.0</u>	<u>Page Total</u>	<u>Total Non-major Governmental Funds</u>
Cash unrestricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Cash restricted	-0-	-0-	192,216	1,410,621	1,602,837	5,653,920
Amounts receivable, net	-0-	-0-	-0-	-0-	-0-	33,144
Accrued interest receivable	-0-	-0-	-0-	-0-	-0-	-0-
Prepaid items and other assets	-0-	-0-	-0-	-0-	-0-	11,211
Grants receivable	105,230	2,256	-0-	-0-	107,486	1,193,862
Loans receivable, net	-0-	3,500	-0-	-0-	3,500	3,223,195
Due from other funds	-0-	-0-	-0-	-0-	-0-	960,665
Investments unrestricted	-0-	-0-	-0-	-0-	-0-	-0-
Investments restricted	-0-	-0-	-0-	-0-	-0-	216,264
Land, unimproved land and structures	<u>-0-</u>	<u>171,000</u>	<u>-0-</u>	<u>-0-</u>	<u>171,000</u>	<u>1,144,970</u>
Total assets	<u>\$105,230</u>	<u>\$176,756</u>	<u>\$192,216</u>	<u>\$1,410,621</u>	<u>\$1,884,823</u>	<u>\$12,437,231</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2019

LIABILITIES AND FUND BALANCES

	NON-MAJOR GOVERNMENTAL FUNDS					
	<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Page Total</u>
Liabilities:						
Amounts payable - vendors	\$ 33,852	\$ -0-	\$220,088	\$-0-	\$ 22,186	\$ 276,126
Amounts payable - State of Louisiana	603	118,400	-0-	-0-	-0-	119,003
Due to other funds	410,228	-0-	135,905	-0-	194,247	740,380
Salaries and related payroll taxes	50,467	-0-	8,913	-0-	-0-	59,380
Revolving loans	-0-	-0-	-0-	-0-	-0-	-0-
Deposits held for buyers	-0-	-0-	-0-	-0-	-0-	-0-
Total liabilities	<u>495,150</u>	<u>118,400</u>	<u>364,906</u>	<u>-0-</u>	<u>216,433</u>	<u>1,194,889</u>
Deferred Inflows of Resources:						
Deferred grant funds and cost of assets	-0-	135,585	-0-	-0-	-0-	135,585
Total deferred inflows of resources	<u>-0-</u>	<u>135,585</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>135,585</u>
Fund balances:						
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-
Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 495,150</u>	<u>\$253,985</u>	<u>\$364,906</u>	<u>\$-0-</u>	<u>\$216,433</u>	<u>\$1,330,474</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2019

LIABILITIES AND FUND BALANCES

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					<u>Page Total</u>
	<u>Housing Opportunity Zone</u>	<u>Orleans Housing Investment Program</u>	<u>Construction Lending Expanded</u>	<u>Neighborhood Stabilization Program 2</u>	<u>Affordable Housing Pilot Program</u>	
Liabilities:						
Amounts payable - vendors	\$ -0-	\$ 285,207	\$ -0-	\$ 19	\$ 2,156	\$ 287,382
Amounts payable -State of Louisiana	-0-	-0-	-0-	-0-	856,002	856,002
Due to other funds	2,091	-0-	16,209	-0-	-0-	18,300
Salaries and related payroll taxes payable	-0-	87	-0-	369	69	525
Revolving loans	-0-	-0-	-0-	1,700,000	-0-	1,700,000
Deposits held for buyers	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,500</u>	<u>3,500</u>
Total liabilities	<u>2,091</u>	<u>285,294</u>	<u>16,209</u>	<u>1,700,388</u>	<u>861,727</u>	<u>2,865,709</u>
Deferred inflows of Resources:						
Deferred grants funds and cost of assets	<u>-0-</u>	<u>3,953,957</u>	<u>-0-</u>	<u>1,803,974</u>	<u>598,294</u>	<u>6,356,225</u>
Total deferred inflows of resources	<u>-0-</u>	<u>3,953,957</u>	<u>-0-</u>	<u>1,803,974</u>	<u>598,294</u>	<u>6,356,225</u>
Fund balances:						
Unassigned	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$2,091</u>	<u>\$4,239,251</u>	<u>\$16,209</u>	<u>\$3,504,362</u>	<u>\$1,460,021</u>	<u>\$9,221,934</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BALANCE SHEET - GOVERNMENTAL FUNDS, CONTINUED
DECEMBER 31, 2019

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					
	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Facade Renew</u>	<u>Facade Renew 2.0</u>	<u>Page Total</u>	<u>Total Non-Major Governmental Funds</u>
Liabilities:						
Amounts payable - vendors	\$ 84,422	\$ -0-	\$ -0-	\$ 66,698	\$ 151,120	\$ 714,628
Amounts payable - State of Louisiana	-0-	171,000	-0-	-0-	171,000	1,146,005
Due to other funds	20,709	1,756	15	-0-	22,480	781,160
Salaries and related payroll taxes payable	99	-0-	-0-	2,588	2,687	62,592
Revolving loans	-0-	-0-	-0-	-0-	-0-	1,700,000
Deposits held for buyers	-0-	-0-	-0-	-0-	-0-	3,500
Total liabilities	<u>105,230</u>	<u>172,756</u>	<u>15</u>	<u>69,286</u>	<u>347,287</u>	<u>4,407,885</u>
Deferred inflows of resources:						
Deferred grant funds and cost of assets	-0-	4,000	192,201	1,341,335	1,537,536	8,029,346
Total deferred inflow of resources	-0-	4,000	192,201	1,341,335	1,537,536	8,029,346
Fund balances:						
Unassigned	-0-	-0-	-0-	-0-	-0-	-0-
Total fund balances	-0-	-0-	-0-	-0-	-0-	-0-
Total liabilities, deferred inflows of resources and fund balance	<u>\$105,230</u>	<u>\$176,756</u>	<u>\$192,216</u>	<u>\$1,410,621</u>	<u>\$1,884,823</u>	<u>\$12,437,231</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
RECONCILIATION OF THE BALANCE SHEET
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total fund balance governmental fund	\$ 327,540
Long term liability for post employment benefits are not due and payable in the current period and therefore not reported in the funds, net	(1,472,569)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	<u>52,636</u>
Net position of governmental activities	<u>\$(1,092,393)</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>GOVERNMENTAL FUNDS</u>					<u>Totals</u>
	<u>General Fund</u>	<u>CDBG-Disaster Oretha Castle Haley Fund</u>	<u>Road Home Property Disposition Fund</u>	<u>Strategic Acquisition Fund</u>	<u>Non-major Governmental Funds</u>	
Revenues:						
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 109,692	\$ 109,692
Grants-City of New Orleans- Disaster	-0-	396,174	-0-	-0-	663,574	1,059,748
Grants-City of New Orleans- Entitlement	-0-	-0-	-0-	-0-	1,000,000	1,000,000
Grants-Non-Governmental	54,574	-0-	-0-	-0-	-0-	54,574
Interest Income	11,483	87,939	420,237	-0-	4,587	524,246
Program income	-0-	25,000	2,562,682	2,628,844	1,679,749	6,896,275
Other	<u>104,208</u>	<u>-0-</u>	<u>172,403</u>	<u>-0-</u>	<u>91,059</u>	<u>367,670</u>
Total revenues	<u>\$170,265</u>	<u>\$509,113</u>	<u>\$3,155,322</u>	<u>\$2,628,844</u>	<u>\$3,548,661</u>	<u>\$10,012,205</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

NON-MAJOR GOVERNMENTAL FUNDS

	<u>Entitlement</u>	<u>Target Zone</u>	<u>National Disaster Resilience Communities</u>	<u>PRC Operation Comeback</u>	<u>Construction Lending Extended</u>	<u>Page Total</u>
Revenues:						
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$2,532	\$ 43	\$ 2,575
Grants-City of New Orleans-Disaster	-0-	-0-	570,378	-0-	-0-	570,378
Grants-City of New Orleans-Entitlement	1,000,000	-0-	-0-	-0-	-0-	1,000,000
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-	-0-
Interest-income	-0-	-0-	-0-	-0-	-0-	-0-
Program income	-0-	3,560	-0-	-0-	-0-	3,560
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total revenues	<u>\$1,000,000</u>	<u>\$3,560</u>	<u>\$570,378</u>	<u>\$2,532</u>	<u>\$ 43</u>	<u>\$1,576,513</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>					<u>Page</u> <u>Total</u>
	<u>Housing</u> <u>Opportunity</u> <u>Zone</u>	<u>Orleans</u> <u>Housing</u> <u>Investment</u> <u>Program</u>	<u>Construction</u> <u>Lending</u> <u>Expanded</u>	<u>Neighborhood</u> <u>Stabilization</u> <u>Program 2</u>	<u>Affordable</u> <u>Pilot</u> <u>Program</u>	
Revenues:						
Grants-State of Louisiana	\$2,091	\$ -0-	\$105,026	\$ -0-	\$ -0-	\$ 107,117
Grants-City of New Orleans	-0-	-0-	-0-	-0-	-0-	-0-
Grants-City of New Orleans- Entitlement	-0-	-0-	-0-	-0-	-0-	-0-
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-	-0-
Interest income	-0-	-0-	-0-	-0-	4,587	4,587
Program income	-0-	1,246,090	-0-	9,686	-0-	1,255,776
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>91,059</u>	<u>91,059</u>
 Total revenues	 <u>\$2,091</u>	 <u>\$1,246,090</u>	 <u>\$105,026</u>	 <u>\$9,686</u>	 <u>\$95,646</u>	 <u>\$1,458,539</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>				<u>Page Total</u>	<u>Total Non-Major Governmental Funds</u>
	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Facade Renew</u>	<u>Facade Renew 2.0</u>		
Revenues:						
Grants-State of Louisiana	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 109,692
Grants-City of New Orleans	93,196	-0-	-0-	-0-	93,196	663,574
Grants- City of New Orleans- Entitlement	-0-	-0-	-0-	-0-	-0-	1,000,000
Grants-Non-Governmental	-0-	-0-	-0-	-0-	-0-	-0-
Interest income	-0-	-0-	-0-	-0-	-0-	4,587
Program income	-0-	-0-	197,941	222,472	420,413	1,679,749
Other	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>91,059</u>
 Total revenues	<u>\$93,196</u>	<u>\$ -0-</u>	<u>\$197,941</u>	<u>\$222,472</u>	<u>\$513,609</u>	<u>\$3,548,661</u>

The accompanying notes are integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	GOVERNMENTAL FUNDS					Total Governmental Funds
	General Fund	Blighted Properties Disposition Program Fund	Road Home Property Disposition Fund	Strategic Acquisition Fund	Non-major Governmental Funds	
EXPENDITURES:						
Operations:						
Personnel salaries and wages	\$ 466,678	\$ 112,454	\$1,056,767	\$ 60,636	\$ 661,871	\$ 2,358,406
Personnel services employee benefits	110,142	25,936	245,014	12,347	139,078	532,517
Purchase professional & technical services	65,751	20,268	167,444	26,010	145,815	425,288
Purchased property services	138,859	6,924	942,443	234,577	285,626	1,608,429
Insurance	34,544	1,309	107,154	1,158	26,355	170,520
Other purchased services	58,652	-0-	855	7,484	16,087	83,078
Supplies	49,445	-0-	-0-	-0-	-0-	49,445
Property	25,616	147	1,944	2,256,920	1,638	2,286,265
Programs	-0-	286,972	-0-	-0-	2,049,940	2,336,912
Other uses	274	-0-	-0-	-0-	-0-	274
Cost of sales	-0-	-0-	115,885	-0-	3,560	119,445
Total expenditures	<u>949,961</u>	<u>454,010</u>	<u>2,637,506</u>	<u>2,599,132</u>	<u>3,329,970</u>	<u>9,970,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(779,696)</u>	<u>55,103</u>	<u>517,816</u>	<u>29,712</u>	<u>218,691</u>	<u>41,626</u>
Other financing sources (uses):						
Operating transfer in	939,930	-0-	-0-	-0-	101,578	1,041,508
Operating transfer (out)	<u>(118,608)</u>	<u>(55,103)</u>	<u>(517,816)</u>	<u>(29,712)</u>	<u>(320,269)</u>	<u>(1,041,508)</u>
Total other financing sources (uses)	<u>821,322</u>	<u>(55,103)</u>	<u>(517,816)</u>	<u>(29,712)</u>	<u>(218,691)</u>	<u>-0-</u>
Change in fund balances	<u>41,626</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>41,626</u>
Fund balances, beginning of year	<u>285,914</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>285,914</u>
Fund balances, end of year	<u>\$ 327,540</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 327,540</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	NON-MAJOR GOVERNMENTAL FUNDS					Page Total
	Entitlement	Target Zone	National Disaster Resilience Communities	PRC Operation Comeback	Construction Lending Extended	
EXPENDITURES:						
Operations:						
Personnel salaries & wages	\$ 465,624	\$ -0-	\$ 107,676	\$ 1,505	\$ -0-	\$ 574,805
Personnel services employee benefits	98,793	-0-	21,863	305	-0-	120,961
Purchased professional & technical services	35,016	-0-	6,898	-0-	43	41,957
Purchased property services	222,067	-0-	7,236	79	-0-	229,382
Insurance	18,604	-0-	932	-0-	-0-	19,536
Other purchased services	1,730	-0-	4,875	-0-	-0-	6,605
Supplies	-0-	-0-	-0-	-0-	-0-	-0-
Property	432	-0-	129	-0-	-0-	561
Programs	-0-	-0-	398,414	-0-	-0-	398,414
Other uses	-0-	-0-	-0-	-0-	-0-	-0-
Cost of sales	<u>-0-</u>	<u>3,560</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,560</u>
Total expenditures	<u>842,266</u>	<u>3,560</u>	<u>548,023</u>	<u>1,889</u>	<u>43</u>	<u>1,395,781</u>
Excess (deficiency) of revenues over (under)	<u>157,734</u>	<u>-0-</u>	<u>22,355</u>	<u>643</u>	<u>-0-</u>	<u>180,732</u>
Other financing sources (uses):						
Operating transfer in	70,422	-0-	30,407	94	-0-	100,923
Operating transfer (out)	<u>(228,156)</u>	<u>-0-</u>	<u>(52,762)</u>	<u>(737)</u>	<u>-0-</u>	<u>(281,655)</u>
Total other financing sources (uses)	<u>(157,734)</u>	<u>-0-</u>	<u>(22,355)</u>	<u>(643)</u>	<u>-0-</u>	<u>(180,732)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	NON-MAJOR GOVERNMENTAL FUNDS					Page Total
	Housing Opportunity Zone	Orleans Housing Investment Program	Construction Lending Expanded	Neighborhood Stabilization Program 2	Affordable Housing Pilot Program	
EXPENDITURES:						
Operations:						
Personnel salaries & wages	\$ 2,091	\$ 6,022	\$ 1,999	\$ 5,364	\$ 18,295	\$ 33,771
Personnel services employees benefits	-0-	1,107	406	1,207	4,668	7,388
Purchased professional & technical services	-0-	5,878	1,007	55	384	7,324
Purchased property services	-0-	310	119	410	52,392	53,231
Insurance	-0-	16	-0-	19	5,593	5,628
Other purchased services	-0-	6,321	-0-	-0-	-0-	6,321
Supplies	-0-	-0-	-0-	-0-	-0-	-0-
Property	-0-	-0-	-0-	3	879	882
Program	-0-	1,223,485	100,515	-0-	-0-	1,324,000
Other uses	-0-	-0-	-0-	-0-	-0-	-0-
Cost of sales	-0-	-0-	-0-	-0-	-0-	-0-
Total expenditures	<u>2,091</u>	<u>1,243,139</u>	<u>104,046</u>	<u>7,058</u>	<u>82,211</u>	<u>1,438,545</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>2,951</u>	<u>980</u>	<u>2,628</u>	<u>13,435</u>	<u>19,994</u>
Other financing sources (uses):						
Operating transfer in	-0-	-0-	-0-	-0-	-0-	-0-
Operating transfer (out)	<u>-0-</u>	<u>(2,951)</u>	<u>(980)</u>	<u>(2,628)</u>	<u>(13,435)</u>	<u>(19,994)</u>
Total other financing sources (uses)	<u>-0-</u>	<u>(2,951)</u>	<u>(980)</u>	<u>(2,628)</u>	<u>(13,435)</u>	<u>(19,994)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>				<u>Page Total</u>	<u>Total Non-major Governmental Funds</u>
	<u>Housing Mitigation Grant Program</u>	<u>Neighborhood Housing Improvement</u>	<u>Facade Renew</u>	<u>Facade Renew 2.0</u>		
EXPENDITURES:						
Operations:						
Personnel salaries & wages	\$15,294	\$ -0-	\$ -0-	\$ 38,001	\$ 53,295	\$ 661,871
Personnel services employee benefits	3,654	-0-	-0-	7,075	10,729	139,078
Personnel professional & technical services	74,868	-0-	2,661	19,005	96,534	145,815
Purchased property services	-0-	-0-	-0-	3,013	3,013	285,626
Insurance	-0-	-0-	-0-	1,191	1,191	26,355
Other purchased services	-0-	-0-	-0-	3,161	3,161	16,087
Supplies	-0-	-0-	-0-	-0-	-0-	-0-
Property	-0-	-0-	-0-	195	195	1,638
Programs	-0-	-0-	195,280	132,246	327,526	2,049,940
Other uses	-0-	-0-	-0-	-0-	-0-	-0-
Cost of sale	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,560</u>
Total expenditures	<u>93,816</u>	<u>-0-</u>	<u>197,941</u>	<u>203,887</u>	<u>495,644</u>	<u>3,329,970</u>
Excess (deficiency) of revenues over (under)	<u>(620)</u>	<u>-0-</u>	<u>-0-</u>	<u>18,585</u>	<u>17,965</u>	<u>218,691</u>
Other financing sources (uses):						
Operating transfer in	620	-0-	-0-	35	655	101,578
Operating transfer (out)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(18,620)</u>	<u>(18,620)</u>	<u>(320,269)</u>
Total other financing sources (uses)	<u>620</u>	<u>-0-</u>	<u>-0-</u>	<u>(18,585)</u>	<u>(17,965)</u>	<u>(218,691)</u>
Change in fund balances	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, beginning of year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES,
AND
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Change in fund balance	\$ 41,626
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	(26,998)
Change in net position for the governmental activities	\$ <u>14,628</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION--PROPRIETARY FUND
DECEMBER 31, 2019

ASSETS

	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Assets:	
Cash	\$ 376,779
Amounts receivable	2,304
Prepaid items and other assets	200,249
Loans receivable, net	695,205
Investments	954,593
Unimproved land and structures, unrestricted	2,621,863
Capital assets, net	<u>258,452</u>
Total assets	<u>5,109,445</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

Liabilities:	
Amounts and other payable	8,394
Security deposits and deposits held for buyers	<u>37,406</u>
Total liabilities	<u>45,800</u>
Deferred Inflows of Resources:	
Grant funds and cost of assets	<u>695,205</u>
Total deferred inflow of resources	<u>695,205</u>
Total liabilities and deferred inflows of resources	<u>741,005</u>
Net Position:	
Net investments in capital assets	258,452
Unrestricted net position	4,065,988
Restricted net position	<u>44,000</u>
Total net position	<u>\$4,368,440</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION-PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Real Estate Acquisition and Land Banking Mechanism</u>
Operating Revenues:	
Proceeds from sale of property inventory	\$ 332,605
Cost of sales	<u>550,367</u>
Net (loss) from sales	(217,762)
Rental income	40,050
Forfeits	12,000
Other income	<u>20,107</u>
Total operating revenues	<u>(145,605)</u>
Non-Operating Revenues:	
Property reversions	<u>375,700</u>
Total non-operating revenues	<u>375,700</u>
Total operating and non-operating revenues	<u>230,095</u>
Operating Expenses:	
Purchased property services	19,478
Program delivery	10,855
Settlement costs	25,948
Depreciation expense	<u>21,115</u>
Total operating expenses	<u>77,396</u>
Total operating and non-operating income	<u>152,699</u>
Change in net position	<u>152,699</u>
Net position, beginning of year	<u>4,215,741</u>
Net position, end of year	<u>\$4,368,440</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS--PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows Provided by Operating Activities:	
Cash received from customers	\$ 388,321
Payments to vendors	<u>(22,309)</u>
Net cash provided by operating activities	<u>366,012</u>
Cash Flows Used in Investing Activities:	
Purchase of investment	<u>(293,959)</u>
Cash used in investing activities	<u>(293,959)</u>
Increase in cash	72,053
Cash, beginning of year	<u>304,726</u>
Cash, end of year	<u>\$ 376,779</u>
Operating income	\$ 152,699
Reconciliation of operating income to net cash provided by operating activities:	
Depreciation expense	21,115
Changes in assets and current liabilities:	
Increase in amounts receivable	(365)
Increase in prepaid items and other assets	(15)
Decrease in unimproved land and structures, unrestricted	174,667
Increase in amounts and other payable	6,560
Increase in security deposit and deposits held for buyers	<u>11,351</u>
Net cash provided by operating activities	<u>\$ 366,012</u>

The accompanying notes are an integral part of these financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Background and General Data:

Background

The **New Orleans Redevelopment Authority (NORA)** exists under the authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968. **NORA** was formulated as a program by the City of New Orleans for the utilization of appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the creation and organization of a community improvement agency; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans in accordance with community improvement plans or projects approved by the governing body of the City of New Orleans; to define the duties, liabilities, exemptions, authority and functions of such community improvement agency, including the acquisition of property by negotiation, gift or expropriation, the disposition of property by sale or lease, the issuance of bonds, borrowing of money and giving of security therefore and to allow bonds issued to be legal investments for banks and fiduciaries; to provide for notice and hearing; to authorize entering into agreements to secure Federal aid; to authorize public bodies to furnish funds, services, facilities and property in aid of community improvement projects and related activities hereunder; and to provide that securities issued and properties, while held by the **New Orleans Redevelopment Authority**, shall be exempt from taxation.

On July 7, 1994, the Louisiana Legislature passed Act No. 65 which amended Act No. 170 that created the **New Orleans Redevelopment Authority**. Act No. 65 effectively changed the name of the Community Improvement Agency to **New Orleans Redevelopment Authority**. In addition, the Board of Commissioners also adopted a resolution approving the name change.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General

As of December 31, 2019, **NORA** was primarily engaged in the following programs:

- Blighted Properties Removal Program (Entitlement, Target Zone, Disaster Consolidated Corridors, Affordable Housing Pilot Program Katrina Cottages, Hazard Mitigation Grant Program, Facade Renew, and Facade Renew 2.0, National Disaster Resilience Community Adoption Program);
- Real Estate Acquisition and Land Banking Mechanism (REALM);
- Louisiana Recovery Authority (Housing Opportunity Zone/Construction Lending Extended/Expanded);
- Road Home Property Disposition (Strategic Acquisition, Orleans Housing Investment Program, Facade Renew 2.0);
- Neighborhood Stabilization Program (NSP2); and
- General Fund to include Ford Foundation and Enterprise Community Partners

New Orleans Redevelopment Authority under a contract with the City of New Orleans is a key partner in the revitalization of New Orleans neighborhoods implementing housing development, commercial revitalization and land stewardship projects. **NORA** provides technical assistance in connection with other redevelopment, renewal, rehabilitation, urban beautification and/or other improvements where physical conditions render them detrimental to the safety and welfare of the public at large.

Further, through various grants and cooperative agreements, from Federal, State and private sources **NORA** manages rehabilitation, demolition and removal activities through direct funding from Federal, State and private sources.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

A brief description of each program follows:

- Blighted Properties Removal Program

The Blighted Properties Removal Program under the Entitlement, Target Zone, Disaster, Consolidated Corridors are designed to provide for the rehabilitation and/or demolition and removal of buildings and other improvements whose physical conditions render them detrimental to the safety and welfare of the public at large, and whose existence directly threatens the physical, social and economic stability of the surrounding neighborhood facilities and jeopardizes the well-being of the entire community.

These programs provide for technical assistance and/or financial assistance for rehabilitation, acquisition and redevelopment for blight reduction and alternative land use. The program is administered by **NORA** under contract with the City of New Orleans.

- Affordable Housing Pilot Program (Katrina Cottages) (AHPP)

The Louisiana Katrina Cottage Program resulted in the construction of forty (40) housing units on **NORA** controlled properties intended for home ownership units. Funding for the Program is made available under Federal Emergency Management Agency (FEMA).

- Hazard Mitigation Grant Program (HMGP)

The HMGP provides grants to assist in the implementation of long-term hazard mitigation measures after a major disaster declaration.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Facade Renew and Facade Renew 2.0

Launched in January 2014, Facade Renew is a CDBG-DR funded program to support strategic investments in targeted commercial corridors. The program includes grants to property and small business owners to revitalize storefronts and building facades, as well as placemaking grants to main street organizations. Starting during 2018, Facade Renew 2.0 began accepting applications for facade improvements grants on four new corridors. Facade Renew 2.0 is funded by locally held program income derived from the sale of former Road Home properties.

- Real Estate Acquisition and Land Banking Mechanism (REALM)

The REALM program is designed to provide a mechanism for the rehabilitation and/or demolition and removal of buildings and other improvements through acquisition and disposition of property to allow for a greater impact on blight and community redevelopment.

Under the REALM program, **NORA** works with other City agencies to acquire blighted properties in a strategic fashion and then bundles those properties for sale and/or donation.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Louisiana Recovery Authority

The Louisiana Recovery Authority (LRA) program managed by **NORA** focuses on redevelopment through economic development efforts within the New Orleans area. Further, **NORA** has established a housing construction loan fund to assist developers in accelerating redevelopment.

- Road Home Property Disposition

The Road Home Property Disposition program's mission is to finance, own, lease as lessee or lessor, sell, exchange, donate otherwise hold or transfer a property interest in housing stock damaged by Hurricane Katrina or Rita.

- Neighborhood Stabilization Program (NSP2)

The NSP2 program managed by **NORA**, focuses on a comprehensive neighborhood development strategy to address the challenges of blight and vacancy throughout the City.

- Strategic Acquisition Fund

This project assist in citywide reduction and neighborhood stabilization through strategic, targeted redevelopment initiatives, including acquisition of blighted, vacant and/or abandoned properties for the purpose of redevelopment into housing, retail/commercial, mixed-use and/or green space projects. Strategic acquisition will allow **NORA** to work with the City of New Orleans for the purpose of reducing blight and supporting new development around those investments.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General, Continued

- Orleans Housing Investment Program (OHIP)

OHIP, the newest phase of **NORA**'s Residential Construction Lending program, is funded program income derived from sale of former Road Home properties. **NORA** has awarded properties and financing to New Orleans Redevelopment Unlimited (NORU) for the development of single-family affordable home ownership opportunities in Central City, Seventh Ward, Gentilly, and New Orleans East neighborhoods.

- Housing Opportunity Zone

This program uses State CDBG funds to finance the development of affordable housing on **NORA**-owned property located in the nine City designated Housing Opportunity Zones.

- National Disaster Resilience Communities/Community Adaptation Program

Funded through a portion of the \$143 million National Disaster Resilience Competition award to the City of New Orleans. **NORA** has established the Community Adaption Program to fund improvements to manage stormwater and prevent flooding on previously developed properties owned by low to moderate income homeowners within the Gentilly Resilience District.

- Construction Lending Extended/Expanded

Funded the Housing Construction Loan Fund to provide financial assistance to developers.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Background and General Data, Continued:

General Fund

The general fund is used by NORA's as its primary operating fund which includes the following:

- Ford Foundation

This private grant will be used to support the acquisition and pre-development costs of key commercial and multifamily properties to catalyze redevelopment and reinvestment. These funds may also serve as a complementary financing source for projects seeking funding from NORA's Commercial Corridor Gap Financing Program.

- Enterprise Community Partners, Inc.

This private grant provided funding for a three year architectural fellowship beginning in January 2017. The goals of the fellowship targets development of strategies to foster greater resiliency resources, develop resilience design standards and risk reduction measures while elevating environmental awareness to vulnerable residents and neighborhoods of New Orleans.

NOTE 2 - Summary of Significant Accounting Policies:

General Fund

The general fund is used by NORA to account for all financial activities or resources, except those required to be accounted for in other funds.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

General Fund, Continued

Pursuant to the requirements of GASB Statement No. 54 (Fund Balance Reporting and Government Fund Type Definitions), fund balance is reported as nonspendable and unassigned. The nonspendable classification is associated with amounts considered nonspendable such as capital assets, prepaid assets, etc. The unassigned classification represents amounts not restricted or committed.

Financial Reporting Entity

NORA exists under the Authority contained in Act No. 170, as amended, as passed by the Louisiana Legislature in 1968 and subsequently amended by Act No. 65, passed in 1994. **NORA** has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of New Orleans.

Government Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*" established standards for defining and reporting on the financial entity.

GASB 14 and its related amendment GASB 39 indicate that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

NORA was established as a separate legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **NORA** is a financial reporting entity within the meaning of the provisions of GASB 14.

Based on the requirements of GASB's 14 and 39, **NORA** has included the following component unit in the financial reporting entity:

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Financial Reporting Entity, Continued

NORA formed in 2004 a 501(c)(3) organization, New Orleans Redevelopment Unlimited, Inc. to utilize appropriate private and public resources to eliminate and prevent the development or spread of slums; to provide decent, safe and sanitary dwellings for families of low income; to allow the rehabilitation, clearance and redevelopment of slums and blighted areas in the City of New Orleans to include, but not limited to community improvement plans or projects approved by the governing body of the City of New Orleans; and to acquire property by negotiation, or gift, and the disposition of property by sale, lease, or gift; and to own real estate, to buy or sell, develop or lease, and generally handle, movable and immovable property of every nature and kind.

The component unit's financial statements has been included in **NORA's** financial statements in a discrete presentation.

Estimates

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

Basis of Presentation

NORA's basic financial statements consist of the government-wide statements of the primary government and its component unit and the fund financial statements (individual major funds and combined nonmajor funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the activities of **NORA**. The effect of interfund activity has been removed from these statements.

NORA's statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who use or directly benefit from services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items are properly included among program revenues or reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

NORA reports the following major governmental funds:

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

The Blighted Properties Program Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes regarding the rehabilitation and/or demolition and removal and gap financing of blight in the City of New Orleans.

The Road Home Property Disposition is used to account for transfers activities and disposition of Road Home property. Specifically the objective of the project is to facilitate the rehabilitation of blight in various neighborhoods in the City of New Orleans.

The remaining programs, Entitlement, Target Zone, National Disaster Resilience Communities, Construction Lending, Housing Opportunity Zone, Orleans Housing Investment Program, NSP2, Affordable Housing Pilot Program, Housing Mitigation Grant Program, Facade, and Strategic Acquisition Fund, etc. are accounted for under the non-major program.

NORA reports the following major proprietary fund:

The REALM Program accounts for activities related to the rehabilitation and/or demolition and removal of buildings and other improvements through acquisition and disposition of property.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2- Summary of Significant Accounting Policies, Continued:

Government-Wide and Fund Financial Statements, Continued

As a general rule, the effect of interfund activity has been eliminated at the government-wide financial statements level.

Amounts reported as program revenues include 1) charges to customers or applicants for services or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions.

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a propriety fund's principal ongoing operations. The principal operating revenues of **NORA's** enterprise fund are charges to customers for services and sales of inventory of land. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Under the provisions of GASB 33 Standards (Accounting and Financial Reporting for Non-Exchange Transactions), **NORA** recognizes assets, liabilities, revenues and expenditures under its government-mandated and voluntary non-exchange transactions as follows:

- **NORA** recognizes assets and liabilities when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenue and expenditures are recognized when all applicable eligibility requirements are met; and
- Transactions with time requirements, resources received prior to the satisfaction of the time requirement(s), are recorded by **NORA** as deferred revenue upon award.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash equivalents.

Loans Receivable

Loans receivable are recorded at the face value of the note at point of execution. The revolving loan program is used primarily to support economic and rehabilitation development activities funded with CDBG, LRA and NSP2 grants. The interest rates on the loans range from zero to four (4) percent. Repayment range of the loans are required within established timelines.

Also, included in loans receivable are non-interest bearing forgivable mortgage loans secured by real estate. No payments are required unless the borrower fails to maintain ownership of the property as his/her principal residency.

In the event the borrower ceases to occupy the property, the entire amount of the loan, less any portion earned by the borrower, will be due and payable.

The borrower will earn a portion of the loan for each month that he/she owns and resides in the property as his/her principal place of residency. The borrower will earn the loan on a pro-rata basis for each month of ownership and occupancy as measured against the period of affordability.

NORA records the earned portion on a straight-line basis as amortization in the statement of activities. Management has recorded no allowance for doubtful accounts at December 31, 2019.

Further, **NORA** uses the allowance method (based on prior year's experience and analysis payment status of the loan, the financial condition of the project and other factors) to determine uncollectibility of loans receivable.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Capital Assets

Capital assets include, land and equipment and are recorded at cost when the individual cost exceeds \$100. When no historical records are available, land and equipment are valued at estimated historical cost. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period. In addition, costs associated with certain property acquired with CDBG funds received from the City of New Orleans and other sources are reflected as program costs to the respective programs. A property inventory is accounted for by the City of New Orleans for acquisition of non-expandable property that vest with the City of New Orleans.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not included in or capitalized in the proprietary fund. Equipment in the proprietary fund of **NORA** is recorded at cost.

Capital assets are depreciated in the proprietary fund of **NORA** using the straight-line method over a five (5) year estimated useful life.

Land, Unimproved Land and Structures

Land, unimproved land and structures are recorded at cost and represent cost incurred in the acquisition of blighted properties. Donated properties are also included at the estimated fair value at point of donation. Gain or loss resulting from the sale of the related properties is reflected in income in the period of sale.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Compensated Absences

NORA has adopted its own policies based on the Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expenditure in the governmental funds when leave is actually taken or when employees (or heirs) are paid for accrued leave upon retirement or death. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

Financial Instruments

NORA's policy generally is to use financial derivatives to manage exposure to fluctuations in interest rate. **NORA** does not hold or issue derivative financial instruments for trading purposes.

Gains and losses realized and premiums paid on interest rate hedges, are deferred and amortized to interest expense over the life of the underlying instrument.

Long-term Obligations

NORA reports its long-term obligations as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. All applicable premium and discount costs, as well as origination costs are deferred and amortized over the life of the obligations.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Budgetary Data

NORA does not formally adopt or utilize a budget for its General Fund. Budgetary data for its Blighted Properties Removal program is submitted to and approved annually by the applicable funding sources of **NORA**.

Prepaid Items and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Net Position

NORA has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows represent the consumption of **NORA**'s net position that is applicable to a future reporting period. A deferred inflow represents the acquisition of net position that is applicable to a future reporting period.

Because deferred outflows and deferred inflows are, by definition, neither assets nor liabilities, the statement of net assets, title is now referred to as the statement of net position. The statement of net position reports net position as the difference between all other elements in a statement of net position and should be displayed in three components: net investment in capital assets, restricted net position (distinguishing between major categories of restrictions), and unrestricted net position.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Recent Accounting Pronouncements

In January 2017, GASB issued Statement No. 84. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement were previously effective for reporting periods beginning after December 15, 2018. However, GASB 84 has been deferred for implementation by GASB 95, to reporting periods beginning after December 15, 2019.

In June 2017, GASB issued Statement No. 87 (Leases). It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The requirements of this Statement has been deferred for implementation by GASB No. 95 for reporting periods beginning after June 15, 2021.

During the year ended December 31, 2019, **NORA** adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2014-09 (Topic 606): *Revenue from Contracts with Customers*, which affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core of principle of this update is that **NORA** should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which **NORA** expects to be entitled in exchange for the goods or services. **NORA** has implemented the requirements of Topic 606 in the accompanying financial statements.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Restricted and Unrestricted Resources

It is **NORA's** practice to first apply restricted resources when expenses are incurred for the restricted purpose.

Reversions or Quit Claims of Properties

All properties previously sold at auction and subsequently reverted or quit claimed, are added back to **NORA's** property inventory and recorded in its REALM fund.

NOTE 3 - Other Post-retirement Benefits:

In 2018, **NORA** implemented the requirements of GASB 75, (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which replaces Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions. As a result of its implementation, **NORA** is reporting a net OPEB liability.

For the purpose of measuring the OPEB, the State of Louisiana completed an actuarial valuation report which provides information for the State of Louisiana Postretirement Benefits Plan ("Plan") for the fiscal year ended June 30, 2018. Small variations in the approximations and estimates in the State's report may lead to significant changes in actuarial measurements. An analysis of the potential range of such future differences other than the required disclosures related to the sensitivity to discount rate and healthcare cost trend rate assumptions is beyond the scope of this report.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

NORA is a member of the cost-sharing employees of the plan sponsored by the State of Louisiana. In the financial statements, a cost-sharing employer is required to recognize a liability for its proportionate share of the net OPEB liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and additions/deletions to net position have been determined on the same basis as they are reported by the State of Louisiana.

Also, in 2019, **NORA** provided benefit premiums to the State of Louisiana, Office of Group Benefits totaling \$1,860 for a retired employee. **NORA** will continue to provide health care and life insurance benefits for the retired employee.

A schedule of changes in total OPEB liability follows:

Reported 2018 OPEB liability	\$ 1,472,569
Service cost	143,062
Interest	50,358
Changes in assumption	(130,999)
Benefit payments	<u>(13,621)</u>
Net change	<u>48,800</u>
OPEB liability at December 31, 2019	<u>\$1,521,369</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Plan Description

NORA in February of 2008 terminated its participation in the defined benefit plan operated by Louisiana State Employees' Retirement System (LASERS) for all current employees except for the one retired employee who is grand-fathered into the LASERS plan. The termination included the refunding of all prior contributions made to the plan by current employees. **NORA's** contributions made to the plan during its years of participation, do not carryover with its termination.

Currently **NORA** provides other postemployment benefits for one (1) retired employee. This postemployment benefits plan, an agent multiple-employer defined benefit plan, provides the retiree with a choice of participating in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), managed care option (MCO), or health maintenance organization (HMO). LSA-R.S. 42:801 - 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits issues a separate financial report which may be obtained by contacting them at:

Office of Group Benefits
State of Louisiana
7389 Florida Blvd. -Suite 400
Baton Rouge, Louisiana 70806
Phone: (800) 272-8451
Website: www.groupbenefits.org

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Funding Policy

During 2019 **NORA** recognized the cost of providing these benefits (**NORA's** portion of premiums) as an expense when the benefit premiums were due and thus financed the cost of postemployment benefits on a pay-as-you-go basis. It implemented Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. Further, in 2019 **NORA's** portion of health care, and life insurance benefit premiums for its retired employee totaled \$1,860. **NORA** began the planning process of establishing a trust whose assets will be dedicated to providing other postemployment benefits to the retired employee and her beneficiary and which is legally protected from creditors. It is the intent of **NORA**, once the trust is established, to contribute its portion of postemployment benefits to the trust on a regular basis.

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature in 2007, the employer paid 75% of the premium cost for postemployment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$232 for a single retiree in the HMO plan to \$464 for a family in the PPO plan.

NORA's annual medical and life postemployment benefits cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined. **NORA's** annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total OPEB for 2019 was \$140,753, none of which was funded because the trust had not been established.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Required Contribution Rates, Continued

At December 31, 2019, for the OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB, the State reported a liability of \$1,521,369 for NORA's proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2019. The total OPEB liability as of June 30, 2018 was determine using the roll back technique. For the year ended December 31, 2019, NORA recognized OPEB expense of \$140,753.

At December 31, 2019, NORA's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources follow:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$-0-	\$(139,053)
Net difference between projected and actual earnings on OPEB plan investments	<u>-0-</u>	<u>\$ 140,753</u>
	<u>\$-0-</u>	<u>\$ 1,700</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

NORA's contributions subsequent to the measurement date of \$13,621 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:

2020	\$ 52,667
2021	52,667
2022	33,719
Thereafter	<u>-0-</u>
Total	<u>\$139,053</u>

The following presents the sensitivity of NORA's proportionate share of net OPEB liability to changes in the discount rate. NORA's proportionate share of the net OPEB liability calculated using the discount rate that is 1-percent-point lower (2.13%) or 1 percent-point higher (4.13%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of the total OPEB liability to changes in the discount rate	<u>\$1,896,083</u>	<u>\$1,521,369</u>	<u>\$1,236,870</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

The sensitivity of NORA's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates follows.

NORA's proportionate share of the net OPEB liability, as well as what NORA's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend that are 1-percentage-point lower or 1-percent-point higher than the current healthcare cost trend rates follow:

	<u>1%</u> <u>Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate	<u>\$1,192,865</u>	<u>\$1,521,369</u>	<u>\$1,973,082</u>

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for other postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing costs between NORA and its plan member to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between NORA and plan member in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Actuarial Methods and Assumptions, Continued

The amount of the current employer portion of the healthcare premiums for the retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid.

Actuarial Cost Method

The annual required contribution is determined using the Unit Credit Cost method, a method under which the benefits of each individual in an actuarial valuation are allocated by a consistent formula to valuation years, and actuarial gains or losses reduce or increase the unfunded actuarial accrued liability as they occur. The employer portion of the premiums for retiree medical care in each future year is determined by projecting the current premium levels using the health care cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover rates.

Actuarial Value of Plan Assets

Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to postemployment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Other Post-retirement Benefits, Continued:

Healthcare Cost Trend Rates

Assumed Trend

The combined effect of price inflation and utilization on gross eligible medical and prescription drug charges is according to the table below. The initial trend rate was developed using our National Health Care Trend Survey. The survey gathers information of trend expectations for the coming year from various insurers and pharmacy benefit managers. These trends are broken out by drug and medical, as well as type of coverage (e.g. PPO, HO, POS). We selected plans that most closely match The State of Louisiana's benefits to set the initial trend. The ultimate trend is developed based on a building block approach which considers CPI, CDP, and Technology growth. The healthcare cost trend rates are shown below:

<u>Year</u>	<u>Medical and Drug Pre-65</u>	<u>Medical and Drug Post-65</u>
2019-2020	7.00%	5.50%
2020-2021	6.75%	5.25%
2021-2022	6.50%	5.00%
2022-2023	6.25%	4.75%
2023-2024	6.00%	4.50%
2024-2025	5.75%	4.50%
2025-2026	5.50%	4.50%
2026-2027	5.25%	4.50%
2027-2028	5.00%	4.50%
2028-2029	4.75%	4.50%
2029 +	4.50%	4.50%

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Unrestricted Cash:

At December 31, 2019 the carrying amount of **NORA's** deposits was \$1,384,939 and the cumulative bank balance was \$1,390,884. The cumulative collected bank balance is covered by federal depository insurance. Custodial credit risk, is the risk that in the event of a failure by the financial institution, **NORA's** deposits may not be returned to it. **NORA** has no deposit policy for custodial credit risk; however, at December 31, 2019, none of **NORA's** bank balances were exposed to custodial risk. Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent. These securities are held by the fiscal agent bank in the name of **NORA**.

NOTE 5 - Restricted Cash:

Restricted cash at December 31, 2019 of \$7,231,500 represents the cash portion of program income funds held for the benefit of operational cost in connection with the land assembly program through the State of Louisiana and the cooperative agreement between the City of New Orleans, **NORA**, and the State of Louisiana.

NOTE 6 - Capital Assets, Net:

As of December 31, 2019, capital assets consisted of the following:

	Balance January 1, <u>2019</u>	Addition	Other	Balance December 31, <u>2019</u>
Land	\$ 34,360	\$ -0-	\$ -0-	\$ 34,360
Equipment	274,204	2,871	603	277,678
Leasehold improvements	67,474	-0-	-0-	67,474
Parking lot improvements	242,703	-0-	-0-	242,703
Vehicles	<u>163,757</u>	<u>-0-</u>	<u>-0-</u>	<u>163,757</u>
Sub-total	782,498	2,871	603	785,972
Less: accumulated depreciation	<u>(423,440)</u>	<u>(51,587)</u>	<u>143</u>	<u>(474,884)</u>
Total	<u>\$ 359,058</u>	<u>\$(48,716)</u>	<u>\$ 746</u>	<u>\$ 311,088</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 7 - Land, Unimproved Land and Structures:

At December 31, 2019, NORA's land, unimproved land and structures purpose restricted and unrestricted consisted of costs associated with the acquisition of property by expropriation and held for resale and/or donation in accordance with NORA's goal to rehabilitate, clear, and redevelop slum and blighted areas.

Restrictions are dictated through executed Cooperative Endeavor Agreements and/or contracts for the Road Home Property Disposition, Strategic Acquisition, Target Zone, Affordable Housing Pilot and Neighborhood Housing Improvement Programs.

For the REALM program, the unrestricted inventory of properties are held pursuant to NORA's goal to rehabilitate, clear and redevelop slum and blighted areas.

At December 31, 2019, land, unimproved land and structures by activity follows:

	Governmental Activities <u>(Restricted)</u>	Business-Type Activities <u>(Unrestricted)</u>	<u>Total</u>
Beginning	\$25,803,476	\$2,796,531	\$28,600,007
Addition	2,979,625	188,900	3,168,525
Retirement	<u>(3,781,321)</u>	<u>(363,568)</u>	<u>(4,144,889)</u>
Ending	<u>\$25,001,780</u>	<u>\$2,621,863</u>	<u>\$27,623,643</u>

NOTE 8 - Grants Receivable:

At December 31, 2019, grants receivable consisted of the following:

<u>PROGRAM</u>	<u>AMOUNT</u>
General Fund	\$ 186,439
Nonmajor Governmental Program	<u>1,193,862</u>
	<u>\$1,380,301</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Leases:

NORA leases equipment, and commercial office space under operating leases. On December 31, 2009, **NORA** executed a ten (10) year lease agreement for commercial office space effective July 1, 2012. The lease provides for a purchase option in the seventh year at the appraised value of the building. The lease expires on July 1, 2022 and subject to annual appropriations. Total cost of such leases was \$219,370 for the year ended December 31, 2019. The future minimum lease payments for leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020 - 2022	<u>\$525,355</u>
Total	<u>\$525,355</u>

NOTE 10 - Retirement System:

Plan Description

Currently, **NORA** participates in a defined contribution plan administered by a third-party administrator (Fox-Everett). The qualified, IRS 457(b), salary deferral plan was established May 1, 2008, for eligible employees of **NORA**. Plan provisions and contribution requirements are established or amended by **NORA**'s Board of Commissioners. This plan provides that the employee may voluntarily contribute to the **NORA** plan, and **NORA** will match employee contributions up to 5% of the employees' annual salary. The **NORA** plan includes thirty-three (33) participants. For the year ended 2019, actual contributions by plan participants were \$149,089 with a \$94,063 match from **NORA**. Participants of the plan vest after two years of service. The 457(b) plan replaced the multi-employer defined benefit pension retirement plan operated by the State of Louisiana.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Retirement System, Continued:

Plan Description, Continued

Information on the plan can be obtained at the following address and contact number:

John Hancock
P. O. Box 600
Buffalo, NY 14201-0600
Telephone: (800) 395-1113

NOTE 11 - Risk Management:

NORA is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets for which **NORA** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 12 - Concentration of Credit Risk:

NORA receives primarily all of its revenues from the City of New Orleans, the State of Louisiana as a pass-through grant from the U.S. Department of Housing and Urban Development and directly from the U.S. Department of Housing and Urban Development (HUD). If the amount of revenues received from the City of New Orleans, the State and HUD falls below contract levels, **NORA's** operating results could be adversely affected.

NOTE 13 - Contingencies:

NORA is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **NORA**. These examinations may result in required refunds by **NORA** to agencies and/or program beneficiaries.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Contingencies, Continued:

NORA received judgement on its behalf on March 23, 2018, in connection with defaults in various development agreements by a developer.

Further, **NORA** is named in various pending suits. It is legal counsel's opinion at December 31, 2019 and September 30, 2020, that outcomes of these outstanding matters will not have an adverse effect on the financial condition of **NORA**.

NOTE 14- Compensated Absences Payable:

An analysis of compensated absences payable follows:

	<u>Current</u>	<u>Non-current</u>	<u>Total</u>
Beginning	\$ 170,753	\$ 5,290	\$176,043
Addition	178,064	1,530	179,594
Deletion	<u>(168,143)</u>	<u>(1,055)</u>	<u>(169,198)</u>
Ending	<u>\$ 180,674</u>	<u>\$ 5,765</u>	<u>\$186,439</u>

The noncurrent portion due within a year is \$-0-.

NOTE 15 - Deposits Held for Buyers:

At December 31, 2019, **NORA** held deposits in the amount of \$133,108 on behalf of potential buyers participating in its REALM and Road Home Disposition Program (Lot Next Door) programs.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - Per Diem for Board of Commissioners:

During the year ended December 31, 2019, no board member received per diem in his/her capacity as a Commissioner.

NOTE 17 - Amounts Receivable

At December 31, 2019, amounts receivable consisted of the following:

	<u>General Fund</u>	<u>Strategic Acquisition Fund</u>	<u>Road Home Property Disposition Program</u>	<u>Nonmajor Governmental Funds</u>	<u>Real Estate Acquisition and Land Banking</u>	<u>Total</u>
Other	\$49,976	\$214	\$40,050	\$33,144	\$2,304	\$125,688
Total	\$49,976	\$214	\$40,050	\$33,144	\$2,304	\$125,688

NOTE 18 - Grants - Other:

NORA previously received a recoverable grant from the Ford Foundation in the amount of \$500,000. The purpose the grant was to provide collateral for a revolving line-of-credit that will supply capital for acquisition and resale of vacant and abandoned properties for effective reuse.

The grant was modified to include an extension of the grant term, convert the originally awarded recoverable grant to a non-recoverable grant, reallocate budgeted line items, and change its use of proceeds to financing the acquisition and redevelopment of vacant commercial and residential properties.

NORA is working with the Ford Foundation to dedicate the balance of this grant in support of long term affordable residential development of its recent acquisition of properties located at the intersection of St. Bernard and North Claiborne Avenues. **NORA** anticipates approval from the Ford Foundation for this activity to be received in 2020.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - Prepaid Items and Other Assets:

At December 31, 2019, prepaid items and other assets totaling \$289,015 consisted of prepaid insurance of \$89,119 and \$199,896 deposits on unimproved land and structures.

NOTE 20 - Investment Unrestricted:

At December 31, 2019 unrestricted investment consisted of the following:

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
LAMP Investment Pool	1.71%	<u>\$1,621,906</u>	<u>\$1,621,906</u>

NOTE 21 - Investments Restricted:

<u>Description</u>	<u>Interest Rate</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
LAMP Investment Pool	1.71%	<u>\$19,598,243</u>	<u>\$19,598,243</u>

NOTE 22 - Rent Reserve:

At December 31, 2019, **NORA** had and continues to maintain a reserve for its office rent equal to six (6) months pursuant to its executed lease agreement.

NOTE 23 - Subsequent Events:

Subsequent to year-end, **NORA** has been awarded and/or received commitments from the City of New Orleans and other sources (both public and private) for funding.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 23 - Subsequent Events, Continued:

NORA's major sources of funding for 2020 consist primarily of the following:

City of New Orleans \$11.4M

Funding from the City of New Orleans for administrative and program delivery costs, acquisition, and redevelopment for blight reduction, management of disposition activities, redevelopment planning, and reuse of vacant blighted properties into active outdoor space.

Housing Construction Loan Fund \$6.5M
(through City of New Orleans and State of Louisiana)

Funding has been established for Housing Construction Loan Fund through **NORA's** non-profit subsidiary, New Orleans Redevelopment Unlimited, Inc. (NORU), to financially assist developers in the Gentilly Woods and Pontchartrain Park neighborhoods in accelerating the redevelopment of vacant and blighted properties in these areas. The beneficiary area now includes the City's Housing Opportunity Zones (HOZ), and will be further expanded to include neighborhoods in New Orleans East, Gentilly and Algiers.

National Disaster Resilience Communities (NDRC) \$5.3M

Funds provided by the City of New Orleans with CDBG National Disaster Resilience (CDBG-NDR) awarded under the National Disaster Resilience Competition for the purpose of designing and implementing a program that offers new storm water management interventions on privately owned property and benefits low/moderate income residents. The green infrastructure interventions will promote best practices in diverting stormwater away from the public drainage system.

Neighborhood Stabilization 2 (NSP2) \$.73M

In February 2010, **NORA** was awarded \$29.7 million from the U.S. Department of Housing and Urban Development to fund the Neighborhood Stabilization 2 (NSP2) Program. **NORA** generated program income from the sale of homes it developed and repayment of homebuyer subsidy when homes are resold to non-qualified households. This Program Income has been retained and will be used to develop new affordable rental or homeownership units or provide homebuyer assistance on units qualified census tracts.

Ford Foundation \$.47M

NORA will deploy its remaining program funds on a large acquisition of a cluster of thirteen (13) commercial and residential properties near the intersection of St. Bernard and North Claiborne Avenues, in accordance with the original intent of the program.

FEMA \$.38M

FEMA Hazard Mitigation funding for design and construction administration of a storm water mitigation/drainage upgrade project in the Gentilly area. The funding is for PHASE II of the proposed project.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net:

At December 31, 2019, forgivable and unforgivable loans receivable were as follows:

Non-forgivable Loans

1626 OCH, LLC

Interest accrues at 2.5% per annum, payable in monthly installments on the 15th day of each month following receipt. Principal payments beginning after completion date \$ 500,000

Tulane Land Holdings (Crescent Club)

5% interest due in full on November 18, 2036 750,000

St. Claude/St. Roch Revitalization LLC; (Healing Center)

1% interest due and payable beginning December 10, 2010 with principal due on May 1, 2030 1,279,369

GCHP-MLK Leverage Lender, LLC

0% principal and interest payments due from March 31, 2011 through March 31, 2047 1,700,000

GCHP MLK Leverage Lender, LLC

0.5% interest due March 2011 until the option date. Beginning on the option date, interest will accrue at the prime rate plus 1% adjusted monthly 2,000,000

Reconcile New Orleans

Interest accrues at 2.5% per annum; interest payments commence one year following receipt of temporary or final certificate of occupancy entire principal is payable on maturity 243,647

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Non-forgivable Loans, Continued

The Good Work Network - Franz Building, LLC

Interest accrues at 2.5% per annum, payable
in monthly installments commence one year
following receipt of temporary or final
certificate of occupancy

\$ 108,764

Providence Community Housing

0% interest; principle due upon sale of each
property

27,720

BCC Leveraged Lender, LLC (Broad Refresh)

2.5% interest per annum from April 4, 2013
until April 9, 2038

480,000

MBS Parent, LLC - Alembic Myrtle Banks

Interest accrues at 2.50% per annum from
date of disbursement, thereafter interest is
payable monthly in arrears on the 15th day
of each month. Principal is amortized over
a 13-year period and payments commence
beginning on May 17, 2020

500,000

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Non-forgivable Loans, Continued

1436 Oretha Castle Haley, LLC

Interest accrues 2.5% per annum; interest payment commence one year following receipt of temporary or final certificate of occupancy entire principal is payable on maturity \$ 729,316

BTC Leverage Lender, LLC

Interest accrues at 2.5% per annum, payable in monthly installments on the 15th day of each month following receipt. Principal payments beginning on June 25, 2024 750,000

New Orleans Mission

Interest accrues at 1.5% per annum, payable in monthly installments on the 1st day of each month following receipt. Principal payments beginning after occupancy date. 121,268

Total non-forgivable loans 9,190,084

Forgivable Loans

Reconcile New Orleans

Interest accrues at 2.5% per annum; entire amount of note is forgiven provided project is completed and no defaults. 44,538

BCC Leveraged Lender, LLC

(Broad Refresh)
2.5% interest per annum from April 9, 2013 until April 9, 2028 420,000

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 24 - Loans Receivable, Net, Continued:

Forgivable Loans, Continued

South Broad Community Health

Center (Community Green)

1% interest to accrue from April 10, 2012
until February 4, 2022

\$ 600,000

New Orleans Mission

Interest accrues at 1.5% per annum; provided
entire amount of note is forgiven provided
project is completed and no defaults

375,000

MBS Parent, LLC

Interest accrues at 2.5% per annum; entire
amount of note is forgiven provided project
is completed and no defaults

250,000

Alternative Housing and Neighborhood Stabilization
Programs (home buyer assistance) mortgage with
varying amounts executed starting in 2016 and expiring
on varying dates through July 29, 2031

1,384,110

Total forgivable loans

3,073,648

Credit sales

3,292,623

Other

695,205

Total loans

16,251,560

Less allowance for doubtful accounts

730,000

Less current loans

672,258

Noncurrent loans

\$14,849,302

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 25 - Revolving Loans:

Revolving loans at December 31, 2019, totaling \$10,412,528 represent funds provided to **NORA** for revolving loans to entities aimed at the rehabilitation and redevelopment within the City of New Orleans.

NOTE 26 - Related Party Transactions:

NORU paid management fees in the amount of \$15,164 to **NORA** for the year ended December 31, 2019. Further reimbursable costs totaling \$273,712 were incurred by **NORA** on NORU's behalf.

Further, in 2019 **NORA** and NORU executed a contract for a construction project totaling \$1,639,697.

NOTE 27 - Deferred Inflow of Resources:

At December 31, 2019 deferred inflow of resources represent grant funds and acquisitions that **NORA** must satisfy grant conditions prior to the recognition of revenue:

<u>Program/Funded By</u>	
General Fund	\$ 2,556,740
CBDG - Disaster Oretha Castle Haley	1,353,112
Strategic Acquisition Fund	1,357,846
Road Home Program	20,011,663
Nonmajor	8,029,346
Real Estate Acquisition and Land Banking	<u>695,205</u>
Total	<u>\$34,003,912</u>

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 28 - Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

At December 31, 2019, **NORA** reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow Of <u>Resources</u>	Deferred Inflows Of <u>Resources</u>
Differences between expected and actual experience	\$ -0-	\$144,620
Contributions	<u>193,420</u>	<u>-0-</u>
	<u>\$193,420</u>	<u>\$144,620</u>

NOTE 29 - Restricted Net Assets:

Real property held by **NORA** is subject to specific future use and/or disposition pursuant to the requirements of CDBG funded activities.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 30 - Promissory Notes:

At December 31, 2019, **NORA** has executed, various promissory notes and Acts of Credit sale totaling \$3,292,623 at varying interest rates. These loans are subject to a waiver at the point of sale under the following conditions:

- (a) Purchaser sells the property to a purchaser with a family income which is less than or equal to 120% of the Area Median Income (AMI), calculated in accordance with 24 CFR Part 92.
- (b) The family income of the third party purchaser of the specific property is less than or equal to 120% fo the Area Median Income (AMI), the Improvements on the property meet or exceed Builder's Challenge Standard, Enterprise Green Communities and **NORA's** Hazard Resilience Standards and have a HERS Index score of no greater than 70 or 50, as applicable. Improvements may also qualify if they are to meet comparable standards such as LEED or the National Home Builders.
- (c) Purchaser has provided sufficient information to seller to determine that the requirements above have been satisfied, and that purchaser has met its obligations under this Act of Credit Sale, including without limitation, completion of the work.
- (d) Seller determines that the benefits to the third party purchaser are commensurate with the amount waived.

Also, see footnote 24 for additional discussion.

NEW ORLEANS REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 31 - Prior Period Adjustment:

At December 31, 2019, **NORA** recorded a correction of \$44,580 to its other past employment benefits.

NOTE 32 - GAP Financing:

In pursuant of its mission, **NORA** issues below market interest rate loans to developers and other organizations. These loans have varying repayment terms to include compliance with lending and regulatory agreements. See NOTE 24, for additional discussion.

NOTE 33 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. At September 30, 2020 management of **NORA** continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives, guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of New Orleans.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2019, and have issued our report dated September 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for purposes of additional analysis as required by *the Uniform Guidance*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from the underlying accounting and other records used to prepare the basic financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedule I is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

Other Matters, Continued

Other Supplementary Information

The supplementary information comprised of the Schedule of Compensation, Benefits and Other Payments to Executive Director (Schedule II), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Also, the information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information Schedule II is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 30, 2020

NEW ORLEANS REDEVELOPMENT AUTHORITY
GENERAL FUND/UNRESTRICTED
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE--BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Interest income	\$ 19,972	\$ 11,483	\$ 11,483	\$-0-
Other	<u>28,566</u>	<u>104,208</u>	<u>104,208</u>	<u>-0-</u>
Total revenues	<u>48,538</u>	<u>115,691</u>	<u>115,691</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	475,766	412,158	412,158	-0-
Personnel services employee benefits	104,669	93,356	93,356	-0-
Purchased professional & technical services	87,254	65,682	65,682	-0-
Purchased property services	243,491	138,859	138,859	-0-
Insurance	50,000	34,544	34,544	-0-
Other purchased services	104,598	58,652	58,652	-0-
Supplies	50,000	49,445	49,445	-0-
Property	11,395	25,616	25,616	-0-
Other uses	<u>294,702</u>	<u>118,882</u>	<u>118,882</u>	<u>-0-</u>
Total expenditures	<u>1,421,875</u>	<u>997,194</u>	<u>997,194</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under)	<u>(1,373,337)</u>	<u>(881,503)</u>	<u>(881,503)</u>	<u>-0-</u>
Other financing sources (uses)				
Operating transfer in	<u>1,373,337</u>	<u>923,129</u>	<u>923,129</u>	<u>-0-</u>
Total other financing sources (uses)	<u>1,373,337</u>	<u>923,129</u>	<u>923,129</u>	<u>-0-</u>
Net change in fund balance	-0-	41,626	41,626	-0-
Fund balance - beginning of year	<u>285,914</u>	<u>285,914</u>	<u>285,914</u>	<u>-0-</u>
Fund balance - end of year	<u>\$ 285,914</u>	<u>\$ 327,540</u>	<u>\$ 327,540</u>	<u>\$-0-</u>

See Independent Auditors' Report and Supplemental Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
BLIGHTED PROPERTIES REMOVAL PROGRAM FUND
(ENTITLEMENT)
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Favorable (Unfavorable)
Revenues				
Grants - City of New Orleans	\$1,000,000	\$1,000,000	\$1,000,000	\$ -0-
Total revenues	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries and wages	400,817	465,624	465,624	-0-
Personnel services employee benefits	88,180	98,793	98,793	-0-
Purchased professional and technical services	115,141	35,016	35,016	-0-
Purchased property services	143,675	151,645	222,067	(70,422)
Insurance	14,178	18,604	18,604	-0-
Other purchased services	8,545	1,730	1,730	-0-
Property	11,927	432	432	-0-
Other uses	216,037	228,156	228,156	-0-
Cost of sales	<u>1,500</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,070,422</u>	<u>(70,422)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>(70,422)</u>	<u>(70,422)</u>
Transfers in				
Operating transfer in	<u>-0-</u>	<u>-0-</u>	<u>70,422</u>	<u>70,422</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
 FACADE RENEW
 STATEMENT OF REVENUES, EXPENDITURES
 AND
 CHANGES IN FUND BALANCE
 BUDGETED AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants - State of Louisiana	\$ 837,880	\$ 197,941	\$ 197,941	\$ -0-
Program income	<u>691,303</u>	<u>222,472</u>	<u>222,472</u>	<u>-0-</u>
Total revenues	<u>1,529,183</u>	<u>420,413</u>	<u>420,413</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	23,833	38,001	38,001	-0-
Personnel services employee benefits	5,958	7,075	7,075	-0-
Purchased professional & technical services	95,483	21,666	21,666	-0-
Purchased property services	167	2,978	3,013	(35)
Insurance	50	1,191	1,191	-0-
Other purchased services	8,750	3,161	3,161	-0-
Property	34	195	195	-0-
Programs	1,383,230	327,526	327,526	-0-
Other uses	<u>11,678</u>	<u>18,620</u>	<u>18,620</u>	<u>-0-</u>
Total expenditures	<u>1,529,183</u>	<u>420,413</u>	<u>420,448</u>	<u>(35)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>(35)</u>	<u>(35)</u>
Transfers in				
Operating transfer in	<u>-0-</u>	<u>-0-</u>	<u>35</u>	<u>35</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
COMMUNITY DEVELOPMENT BLOCK GRANT
DISASTER ORETHA CASTLE HALEY
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE
BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Grants - City of New Orleans	\$1,975,876	\$ 396,174	\$ 396,174	\$ -0-
Interest income	106,398	87,939	87,939	-0-
Program income	<u>-0-</u>	<u>25,000</u>	<u>25,000</u>	<u>-0-</u>
Total revenues	<u>2,082,274</u>	<u>509,113</u>	<u>509,113</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	78,401	112,454	112,454	-0-
Personnel services employee benefits	17,248	25,936	25,936	-0-
Purchased professional & technical services	15,000	20,268	20,268	-0-
Purchased property services	8,501	6,924	6,924	-0-
Insurance	1,550	1,309	1,309	-0-
Other purchased services	2,524	-0-	-0-	-0-
Property	325	147	147	-0-
Programs	1,920,309	286,972	286,972	-0-
Other uses	<u>38,416</u>	<u>55,103</u>	<u>55,103</u>	<u>-0-</u>
Total expenditures	<u>2,082,274</u>	<u>509,113</u>	<u>509,113</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
LAND ASSEMBLY
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE - BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest income	\$ 495,476	\$ 420,237	\$ 420,237	\$ -0-
Program income	4,010,950	2,562,682	2,562,682	-0-
Other	<u>154,524</u>	<u>172,403</u>	<u>172,403</u>	<u>-0-</u>
Total revenues	<u>4,660,950</u>	<u>3,155,322</u>	<u>3,155,322</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	1,195,331	1,056,765	1,056,765	-0-
Personnel services employee benefits	262,973	245,014	245,014	-0-
Purchased professional & technical services	420,858	167,444	167,444	-0-
Purchased property services	1,785,950	942,443	942,443	-0-
Insurance	130,000	107,154	107,154	-0-
Other purchased services	35,000	857	857	-0-
Supplies	1,761	-0-	-0-	-0-
Property	22,202	1,944	1,944	-0-
Other uses	585,712	517,816	517,816	-0-
Cost of sales	<u>221,163</u>	<u>115,885</u>	<u>115,885</u>	<u>-0-</u>
Total expenditures	<u>4,660,950</u>	<u>3,155,322</u>	<u>3,155,322</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
ORLEANS HOUSING INVESTMENT PROGRAM
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE - BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Program income	\$1,759,480	\$1,246,090	\$1,246,090	\$ -0-
Total revenues	<u>1,759,480</u>	<u>1,246,090</u>	<u>1,246,090</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	174,878	6,022	6,022	-0-
Personnel services employee benefits	43,720	1,107	1,107	-0-
Purchased professional & technical services	17,650	5,878	5,878	-0-
Purchased property services	1,678	310	310	-0-
Insurance	1,000	16	16	-0-
Other purchased services	1,367	6,321	6,321	-0-
Property	167	-0-	-0-	-0-
Programs	1,433,330	1,223,485	1,223,485	-0-
Other uses	<u>85,690</u>	<u>2,951</u>	<u>2,951</u>	<u>-0-</u>
Total expenditures	<u>1,759,480</u>	<u>1,246,090</u>	<u>1,246,090</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

NEW ORLEANS REDEVELOPMENT AUTHORITY
STRATEGIC ACQUISITION FUND
STATEMENT OF REVENUES, EXPENDITURES
AND
CHANGES IN FUND BALANCE - BUDGETED AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Program income	\$3,067,899	\$2,628,844	\$2,628,844	\$ -0-
Total revenues	<u>3,067,899</u>	<u>2,628,844</u>	<u>2,628,844</u>	<u>-0-</u>
Expenditures				
Operations:				
Personnel salaries & wages	102,683	60,636	60,636	-0-
Personnel services employee benefits	25,670	12,347	12,347	-0-
Purchased professional & technical services	329,355	26,010	26,010	-0-
Purchased property services	2,960	234,577	234,577	-0-
Insurance	1,000	1,158	1,158	-0-
Other purchased services	370	7,484	7,484	-0-
Property	2,555,546	2,256,920	2,256,920	-0-
Other uses	<u>50,315</u>	<u>29,712</u>	<u>29,712</u>	<u>-0-</u>
Total expenditures	<u>3,067,899</u>	<u>2,628,844</u>	<u>2,628,844</u>	<u>-0-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net change in fund balance	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	<u>\$ -0-</u>
Fund balance, beginning of year			<u>-0-</u>	
Fund balance, end of year			<u>\$ -0-</u>	

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Neighborhood Stabilization Program 2 - Program Income	14.256	\$ <u>9,686</u>
Sub-total		<u>9,686</u>
<u>Pass Through CDBG Funds as Subgrantee of the State of Louisiana:</u>		
PRC - Operation Comeback	14.228	2,532
Facade Renew	14.228	197,941
Construction Lending - Expanded	14.228	105,026
Construction Lending Extended	14.228	43
Housing Opportunity Zone	14.228	<u>2,091</u>
Sub-total pass through funds		<u>307,633</u>
<u>Pass Through CDBG Funds as Subgrantee of the City of New Orleans:</u>		
Blighted Properties Program - Entitlement	14.218	1,000,000
Blighted Properties Program - Disaster	14.218	509,113
Facade Renew 2.0	14.228	222,472
National Disaster Resilience Communities	14.272	570,378
Orleans Housing Investment Program	14.228	1,246,090
Target Zone	14.218	<u>3,560</u>
Sub-total pass through funds		<u>3,551,613</u>
<u>Pass Through CBDG Funds as Subgrantee of the State of Louisiana/City of New Orleans:</u>		
Land Assembly - 4 Party CEA	14.228	3,155,322
Strategic Acquisition Fund	14.228	<u>2,628,844</u>
Sub-total pass through funds		<u>5,784,166</u>
Page total		<u>9,653,098</u>

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

<u>Program Grantor/Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>PROGRAMS FUNDED BY THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>		
<u>PROGRAMS FUNDED BY FEDERAL EMERGENCY MANAGEMENT ASSOCIATION</u>		
<u>Pass Through Funds as Subgrantee of State of Louisiana:</u>		
Hazard Mitigation Program	97.039	\$ 93,196
Alternative Housing Pilot Program Income	97.087	<u>95,646</u>
Sub-total pass through funds		<u>188,842</u>
Total all programs		<u>\$9,841,940</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal activity of **NORA** and is presented on a modified accrual basis of accounting. The information on this schedule is presented in accordance with other requirements of *the Uniform Guidance*."

NOTE: NORA has not elected to use the 10% de minimis indirect cost rate.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO EXECUTIVE DIRECTOR
FOR THE YEAR ENDED DECEMBER 31, 2019**

Executive Director Name: Brenda M. Breaux

<u>Purpose</u>	<u>Amount</u>
Salary	\$181,891
Benefits - insurance	11,148
Benefits - retirement	9,094
Cell phone	476
Memberships	198
Registration fee and conference travel	<u>1,913</u>
	<u>\$204,720</u>

See Independent Auditors' Report on Supplementary Information.

**REQUIRED
SUPPLEMENTARY INFORMATION**

SCHEDULE III

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF OTHER POST EMPLOYMENT BENEFIT PLAN (OPEB)
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>2018</u>	<u>2019</u>
Net OPEB liability	<u>.0169%</u>	<u>.0184%</u>
Net OPEB liability (%)	<u>\$1,472,569</u>	<u>\$1,521,369</u>
OPEB liability as a percentage of covered payroll	<u>57.77%</u>	<u>64.57%</u>

NOTE: This schedule reflects information from implementation of OPEB in 2018.

NOTE: The Plan is financed on an as you go pay basis under which the contributions to the plan and payments from the plan are generally made at about the same time as benefit payments become due.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**NEW ORLEANS REDEVELOPMENT AUTHORITY
SCHEDULE OF CONTRIBUTION - OPEB
FOR THE YEAR ENDED DECEMBER 31, 2019**

Contractually required contribution	\$ 1,860
Contribution in relation to the contractually required contribution	<u>(1,860)</u>
Excess (deficiency)	<u><u>-0-</u></u>
Covered payroll	
OPEB contribution as a percentage of covered payroll	<u><u>.078%</u></u>

See Independent Auditors' Report on Supplementary Information.

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

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, the business type activities, each major fund, the discretely presented component unit information, and the aggregate remaining funds of **New Orleans Redevelopment Authority (NORA)** as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise **NORA's** basic financial statements, and have issued our report thereon dated September 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **NORA's** internal control over financial reporting to determine the 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 **NORA's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **NORA's** internal control over financial reporting.

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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of NORA's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NORA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of NORA's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NORA's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 30, 2020

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Commissioners
New Orleans Redevelopment Authority
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **New Orleans Redevelopment Authority's (NORA's)** compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of **NORA's** major federal programs for the year ended December 31, 2019. **NORA's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of NORA's major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and *the Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about NORA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of NORA's compliance.

Opinion on Each Major Federal Program

In our opinion, NORA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with *the Uniform Guidance* and which are described in the accompanying Summary Schedule of Findings and Questioned Costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

NORA's Response to Findings

NORA's response to the noncompliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". NORA's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on this response.

Report on Internal Control Over Compliance

Management of NORA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered NORA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *the Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of NORA's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in NORA's internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

A material weakness in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected in a timely basis.

NORA's Response to Findings

NORA's response to the internal control over compliance findings identified in our audit is described in the accompanying Summary Schedule of Findings and Questioned Costs under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". NORA's response was not subject to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the response.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(CONTINUED)

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 30, 2020

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency (ies) identified?	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with <i>the Uniform Guidance</i> ?	Yes

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant: Entitlement and Disaster - Oretha Castle Haley
14.228	Facade Renew 2.0, Land Assembly and Strategic Acquisition Fund
14.272	National Disaster Resilience Communities
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings and questioned costs were reported for the year ended December 31, 2019.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs

Reference Number

2019-001

Federal Award Program

Blighted Properties Program, CDBG Disaster - Oretha Castle Haley and Facade Renew 2.0
(see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires that:

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 should pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area;
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period;
- o Weekly payment of employees; and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-001

Condition (Davis Bacon Act)

We reviewed NORA's on going monitoring reports for seventy (70) contractors and subcontractors utilized during 2019 and approximately one thousand two hundred and sixty-seven (1,267) certified payroll reports received for compliance with the requirements of the Davis Bacon Act; specifically in connection with the submission of certified payroll records by NORA's contractors and/or subcontractors. Based on the results of our review, we noted in eighteen (18) instances from our sample of twenty-six (26) certified payroll reports, where the "Statements of Certification" and related payroll records were received outside the required seven (7) days window of the payroll date for selected contractors and subcontractors.

This condition is similar to a prior year's finding reference number 2017-001.

Questioned Costs

None.

Context

Total federal awards expended for the CDBG Disaster - Oretha Castle Haley and Facade Renew 2.0 for the year ended December 31, 2019 were \$731,585.

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act and contract agreement.

Cause

Challenges associated with attaining compliance from the respective contractors and/or subcontractors with the reporting requirements of the Davis Bacon Act.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-001

Recommendation

We recommend that management continue to evaluate options available to **NORA** to ensure compliance with the required reporting by its contractors and subcontractors.

Management's Response and Planned Corrective Action

See attached for management's response.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number

2019-002

Federal Award Program

Entitlement Program (see Schedule of Expenditures of Federal Awards).

Criteria

Exhibit "F" of NORA's "Performance Measures and Projected Outcomes" section of the executed 2019 Cooperative Endeavor Agreement with the City of New Orleans states as follows:

"Perform Interim Nuisance Abatement services for 3700 initial and follow-up abatement for NORA properties in NORA's inventory".

Condition (Nuisance Abatement)

Our review of the performance measure reporting for the year ended December 31, 2019 reflects the reporting of 3609 initial and follow-up abatements resulting in a variance of 91 from the projected goal of 3700.

It is our understanding through discussions with management that the shortfall was due to the cumulative number of properties available in NORA's inventory during the year ended December 31, 2019.

Questioned Costs

None.

Context

Total expenditures for the year ended December 31, 2019 was \$1,000,000.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section III - Federal Award Findings and Questioned Costs, Continued

Reference Number, Continued

2019-002

Cause

Lack of an established system to monitor projected to actual performance on a monthly basis.

Effect or Potential Effect

Noncompliance with established performance measure.

Recommendation

Management should revisit with the base for its defined performance measure within its contract with the City of New Orleans and to align its future defined base with available properties in inventory during the measurement period.

Management's Response and Planned Corrective Action

See attached for management's response.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs

Reference Number

2018-001

Federal Award Program

Blighted Properties Program - Facade Renew (see Schedule of Expenditures of Federal Awards).

Criteria

The Davis Bacon Act requires that:

- o All contractors and subcontractors performing on federal contracts (and contractors and subcontractors performing on federally assisted contracts under related acts) in excess of \$2,000 should pay their labors and mechanics not less than the prevailing wage rates and fringe benefits listed in the contractor Wage Determination for the corresponding classes of labors and mechanics in similar projects in the area;
- o Contracts in excess of \$100,000 pay employees one and one half (1 -1/2) times their basic rates of pay for hours worked in excess of forty (40) in a one week pay period;
- o Weekly payment of employees; and
- o Submission of certified weekly payroll records along with a statement of compliance signed by an authorized officer or employee who supervises the payment of wages completed seven (7) days after the regular pay date for the pay period.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2018-001

Condition (Davis Bacon Act)

Based on our review of NORA's on going monitoring reports for compliance with the requirements of the Davis Bacon Act, specifically in connection with the submission of certified payroll records by NORA's contractors and/or subcontractors, we noted instances where the "Statements of Certification" and related payroll records were received outside the required seven (7) days window of the payroll date for all contractors and subcontractors.

Questioned Costs

None.

Context

Total federal awards expended for the Blighted Properties Program - Facade Renew for the year ended December 31, 2018 were \$679,897.

Effect or Potential Effect

Potential noncompliance with the requirements of the Davis Bacon Act.

Cause

Challenges associated with attaining compliance from the respective contractors and/or subcontractors with the reporting requirements of the Davis Bacon Act.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2018-001

Recommendation

We recommend that management continue to monitor and evaluate its controls currently in place to ensure the attainment of the required reporting by its contractors and subcontractors.

Current Status

Unresolved. See current year's finding reference number 2019-001.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2018-002

Federal Award Program

All programs (see Schedule of Expenditures of Federal Awards).

Criteria

2 CFR Part 180 requires that contractors debarred, suspended, or proposed for debarment should be excluded from participation in federal assistance programs or activities.

Condition (Debarment, Suspension or otherwise excluded)

Our review for compliance with the requirements for debarment, suspension or otherwise exclusion from participation in federal assistance programs or activities, revealed the lack of documented evidence of verification through the "SAM" website, compliance with the referenced CFR prior to the execution of a contract with **NORA**.

It is our understanding through discussions with management that the initial procurement included the necessary "SAM" compliance. However, the assignment of the contract to another entity of interest approved by **NORA** was without the benefit of a "SAM" verification prior to the execution of the referenced contract.

Questioned Costs

None.

Cause

Oversight in the due diligence process for compliance with the "SAM" requirement.

Effect or Potential Effect

Noncompliance with the requirements of 2 CFR Part 180.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2018-002

Context

Total expenditure of federal awards for the year ended December 31, 2018 were \$9,328,632.

Questioned Costs

None.

Recommendation

Management should continue to ensure complete compliance with its established policies and procedures within its internal control processes specifically regarding procurement, debarment and suspended vendors.

Current Status

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number

2017-002

Federal Award Program

Entitlement Program (see Schedule of Expenditures of Federal Awards).

Criteria

Article I under scope of services and Exhibit "B1" of the Cooperative Endeavor Agreement (CEA) executed between the City of New Orleans and NORA addresses the monthly financial cost reporting requirements.

Condition

For the test month of December 2017 (month judgementally selected), we noted variances between the reported cost by classifications in the submitted cost report and the general ledger.

Questioned Costs

None.

Context

Total expenditures for the entitlement program were \$1,123,574 for the year ended December 31, 2017.

Effect or Potential Effect

Noncompliance with the requirements of its executed CEA.

NEW ORLEANS REDEVELOPMENT AUTHORITY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2019

Section IV - Status of Prior Year's Findings and Questioned Costs, Continued

Reference Number, Continued

2017-002

Cause

Challenges associated with the timely cost report submission for reimbursements.

Recommendation

Management should ensure that all cost reports submitted agree to the general ledger with any subsequent revisions labeled as such and clearly supported by the applicable general ledger.

Current Status

Resolved.

NEW ORLEANS REDEVELOPMENT AUTHORITY

EXIT CONFERENCE

Exit conferences were held with representatives of **NORA**. The contents of this report were discussed and management indicated their concurrence in all material respects. The following were in attendance and/or participated in the various discussions:

NEW ORLEANS REDEVELOPMENT AUTHORITY

Kristyna Jones	-- Chairperson (Finance Committee)
*Brenda M. Breaux	-- Executive Director
Derrick A. Muse	-- Chief Financial Officer
Tiffany Lawson	-- Controller

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Clyde Hunter, CPA	-- Senior Accountant

*Primary responsible party for the corrective action plans



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

Ms. Brenda Breaux, Executive Director
New Orleans Redevelopment Authority
New Orleans, Louisiana

Management of **New Orleans Redevelopment Authority (NORA)** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements of **NORA** as of and for the year ended December 31, 2019 in accordance with auditing standards generally accepted in the United States of America, we considered **NORA's** internal control to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **NORA's** internal control. Accordingly, we do not express an opinion on the effectiveness of **NORA's** internal control.

We previously reported on **NORA's** internal control in our report dated September 30, 2020. This letter does not affect our report dated September 30, 2020 on the financial statements or internal control of **NORA**.

We will review the status of these other matters during our next audit engagement. We have already discussed these other matters with **NORA's** management, and will be pleased to discuss these other matters in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2019

Our discussion of current year's other matters follows:

Reference Number

2019-001

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

Our testing of selected internal control attributes for cash receipts and disbursements to include credit card transactions revealed the following conditions:

- In two (2) of eleven (11) cash receipt transactions tested, we noted the untimely deposit of funds within the five (5) business days as dictated by **NORA's** policy.
- One (1) of five (5) employees travel reimbursement transactions tested revealed a reimbursement for both mileage and gasoline purchased for the same conference related travel. Pursuant to **NORA's** policy, "personal vehicle reimbursement may not exceed a maximum of 99 miles per round trip and/or day".
- In another instance of the five (5) employees tested, we were unable to evidence air fare travel documentation as dictated by policy. **NORA's** policy states that "at least three (3) direct price quotes from commercial airlines must also be obtained for coach, economy or business class flights and included with the "Credit Card Approval and Employee Travel and Training Authorization Form".

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2019

Reference Number, Continued

2019-001

Condition, Continued

This condition is similar to a prior year's other matters reference numbers OM 2017-001 and 2017-002.

Questioned Costs

None.

Context

Total amount of revenues and expenses for the year ended December 31, 2019 were \$11,844,571 and \$11,677,244.

Effect or Potential Effect

The potential effect of the referenced condition includes incomplete financial statements from which management and the board will rely on to make informed decisions.

Cause

Oversight of NORA policy regarding timely deposit of funds collected and requirements as dictated by NORA's travel policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters
2019

Reference Number, Continued

2019-001

Recommendation

Management of **NORA** should continue and provide the necessary level of oversight of its operations aimed at the complete documentation of required processes and procedures to ensure the compliance with board dictated policy.

Management's Response and Planned Corrective Action

See attached for management's response.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters
2018

Our discussion of prior year's other matters follows:

Reference Number

OM 2018-001

Criteria

Management must establish control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

Condition

NORA's current investment transaction practice requires the signature of three (3) segregated individuals designated in its control process categories as requestor, approver and transferor.

In one (1) of seven (7) investment transactions tested, we noted in one (1) instance where the designated transferor did not sign the form. Further, in another instance of the seven (7) investment transactions tested, the transferor and approver were one and the same person.

Questioned Costs

None.

Context

Total amount of investment at December 31, 2018 was \$21,594,039.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-001

Effect or Potential Effect

Potential for misappropriation of funds.

Cause

Lack of a clearly defined policy and procedure to ensure adequate control over the purchase and sale of investments.

Recommendation

Management of NORA should assess the current policies and procedures to ensure the implementation of a clearly defined operation of its internal control over investment transactions to include alignment with board established disbursement authorization thresholds.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-002

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

Condition

Based on our review of the current cooperative endeavor agreement between the City of New Orleans and the New Orleans Redevelopment Authority for "IT" Services, we were unable to determine if the "Enterprise Security" section of the referenced agreement and the Logos.Net (formerly New World System) network system used by NORA specifically, addresses access, transactional and general controls to include periodic access updates as a matter of policy.

It is our understanding through discussion with management that the referenced system has features for implementation of said controls.

Questioned Costs

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-002

Context

Total revenues and expenses for the year ended December 31, 2018 were \$11,152,341 and \$11,186,652.

Cause

No clearly defined written policy and procedures.

Effect or Potential Effect

Potential for unauthorized access to include transactional and general controls.

Recommendation

Management should review as a part of its periodic risk assessment.

Current Status

Partially resolved.

NORA is currently in negotiations with the City of New Orleans to address access, transactional and general control matters to its information systems.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-003

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of objectives in the areas of effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations and board policy.

Condition

The statewide agreed-upon procedures for the fiscal years ending June 30, 2019 through May 31, 2020 published by the Legislative Auditor, includes a policy and/or procedure for disaster recovery and business continuity.

Questioned Costs

None.

Context

Total revenues and expenses for the year ended December 31, 2018 were \$11,152,341 and \$11,186,652.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-003

Cause

None.

Effect or Potential Effect

Lack of a defined written policy and strategy regarding disaster recovery and business continuity.

Recommendation

Management should review its current disaster recovery and business continuity process to ensure alignment with the processes, systems, verification, etc. discussed in the referenced procedures.

Current Status

Partially resolved.

NORA is currently in negotiating with the City of New Orleans to address a disaster recovery and business continuity plan.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-004

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding compliance with applicable contracts, laws, regulations and board policy.

Condition

Louisiana Revised Statute 47:301 dictates upon approval of a report for exemption that NORA not be subject to State sales and use taxes.

Questioned Costs

None.

Context

Total revenues and expenses for the year ended December 31, 2018 was \$11,152,341 and \$11,186,652.

Cause

None.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-004

Effect or Potential Effect

Stewardship with respect to public funds.

Recommendation

Management should review its current practice regarding compliance with the referenced statute.

Current Status

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-005

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

The Governmental Accounting Standards Board (GASB) issued in June 2017 GASB Statement No 87 on leases.

The statement primary addresses reporting for certain lease liabilities currently not reported.

Questioned Costs

None.

Context

Total amount of lease obligations for the year ended December 31, 2018 were \$700,473.

Effect of Potential Effect

Enhance the usefulness of NORA's financial statements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-005

Cause

None.

Recommendation

Management of NORA should initiate the planning process for the implementation of the reporting requirement of GASB Statement No. 87 on leases

Current Status

Resolved.

The implementation date was postponed by GASB in May 2020 to fiscal years that begin subsequent to June 15, 2021.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-006

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Currently, NORA has real estate assets categorized as "property inventory" and "buildings and structures" within respective restricted and unrestricted classifications. It is our understanding through discussion with management that the referenced assets based on program objective have varying planned use.

Questioned Costs

None.

Context

Total property inventory at December 31, 2018 was \$28,600,007.

Effect of Potential Effect

Enhance the usefulness of NORA's financial statements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Current Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-006

Cause

Transitional project deliverable objectives within the national objectives dictated by the grants and Federal regulation.

Recommendation

Management of NORA should initiate a review of the various classifications of real property to ensure alignment with the respective program objective(s).

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-007

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Our review of NORA's bank account reconciliations for the months of November and December 2018, revealed instances where the bank account reconciliations bore no evidence of any level of supervisory review and/or approval.

Questioned Costs

None.

Context

Total cash at December 31, 2018 was \$12,308,270.

Effect of Potential Effect

Noncompliance with established policy to include the potential for misappropriation of assets.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-007

Cause

Inadequate system in place to ensure compliance at the supervisory level.

Recommendation

Management of NORA should ensure on a monthly basis that all bank account reconciliations have been timely prepared, reviewed and approved accordingly.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number

OM 2018-008

Criteria

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws, regulations.

Condition

Currently, **NORA** has no established procedures in place to facilitate an on-going analysis and review of originated loans outstanding to the related collateral values for adequacy in loan to collateral value.

Further, our review of a detail loans receivable schedule provided to us revealed defaults in the terms of certain loans to include incomplete information to assist in the complete evaluation of the adequacy of collateral particularly for loans in default.

Questioned Costs

None.

Context

Total loan receivables at December 31, 2018 was \$15,825,919.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

Prior Year's Other Matters, Continued
2018

Reference Number, Continued

OM 2018-008

Effect of Potential Effect

Potential loss due to the lack and/or under collateralization in outstanding loans to collateral values.

Cause

Continued growth in loan origination and the need for periodic reassessment of overall collateral risk in NORA's loan portfolio.

Recommendation

Management of NORA should revisit with its current policies and procedures manual in coordination with the legal and real estate departments. The goal will be to implement a periodic process that involves all stakeholders in a continuous evaluation of the adequacy of established allowances, if any, on all outstanding loans. Management should perform a periodic risk evaluation on all loans particularly those in a default status.

Current Status

Partially resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

NORA's response to the other matters identified in our audit is described in the accompanying report under the caption "Management's Response and Planned Corrective Action" and/or "Current Status". We did not audit NORA's response and, accordingly, we express no opinion on it.

As always, we appreciate the courtesies extended to us by you and your staff during our audit. Should you have any questions and/or require further detail, please do not hesitate to call.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

September 30, 2020

September 29, 2020

Mr. Paul K. Andoh
Bruno & Tervalon LLP
4298 Elysian Fields, Suite A
New Orleans, LA 70122

RE: NORA's Management Responses for Fiscal Year Ending December 31, 2019

Mr. Andoh,

As per your request, enclosed are the management responses and corrective action plans for the findings included in the New Orleans Redevelopment Authority's audit report completed by Bruno & Tervalon LLP, CPA's for the year ended December 31, 2019.

Finding 2019-001

In September 2018, staff and current construction contractors received federal labor standards training from HUD Specialists. NORA staff continues to take preventive measures to ensure compliance with weekly reporting requirements by conducting contractor training during pre-construction meetings for all new Facade Renew and Commercial Gap construction contractors. Weekly reporting requirements are a key element of the contractor training which the prime contractor certifies their understanding. Instructions for completing certified payrolls are also discussed and provided to each contractor during the pre-construction meeting. In addition, follow-up procedures for non-compliant contractors and corrective actions are made part of each project file in accordance with NORA's Davis Bacon Policies and Procedures Manual. The contractor is informed that NORA will withhold sufficient money from any pay requests to ensure compliance.

NORA has further revised its Pre-construction Meeting checklist to include the following:

- Require Applicant/Prime Contractor/Grantee to designate a Labor Compliance Officer for Davis Bacon.
- Require the Labor Compliance Officer to attend the pre-construction meeting for training. For Disaster Commercial Corridor Applicants/Prime Contractors, Grant Managers will notify designated Labor Compliance Officers to send notification advising when certified payrolls are added to LCPtracker.
- NORA is responsible for paying the organization for which they are contracted with. NORA will require the applicant/prime contractor/grantee to sign off that they understand that they will not be paid and/or reimbursed if Davis Bacon is not in

compliance regardless to whether or not the subcontractor had already been paid by the applicant/prime/grantee until such compliance is reach.

- Project Managers will provide to Grant Managers the project construction schedule and subcontractor schedule. A list of contractors/sub-contractors on each working on each project will also be provided. These schedules/lists will be updated as project milestones are met and/or change orders are approved.

Responsible Parties: Derrick Muse & Tiffany Lawson **Completion Deadline:** 12/31/2021

Finding 2019-002

Management will implement an enhanced reporting and monitoring system of reporting projections to actual performance aimed at increasing the timeliness and accuracy of data shared between departments to meet performance goals.

Responsible Parties: Derrick Muse & Tiffany Lawson **Completion Deadline:** 12/31/2021

PRIOR YEAR FINDINGS

Finding 2018-001

Unresolved. See current year's finding reference number 2019-001.

Finding 2018-002

Resolved.

Finding 2017-002

Resolved.

OTHER MATTERS

OM 2019-001

Management will continue to provide an assessment of its operations and oversight of transactions to ensure supporting documents comply with policies and procedures.

OM 2018-001

Resolved

OM 2018-002

Partially Resolved. NORA is currently in negotiations with the City of New Orleans to address access, transactional and general control matters to its information systems.

OM 2018-003

Partially Resolved. NORA is currently in negotiations with the City of New Orleans to address the disaster recovery and business continuity plan.

OM 2018-004

Partially Resolved. NORA is in the process of contacting vendors providing telecommunication, rental lease, storage and utility services for the removal of sales and use taxes from purchases in accordance with applicable laws.

OM 2018-005

Resolved.

OM 2018-006

Resolved.

OM 2018-007

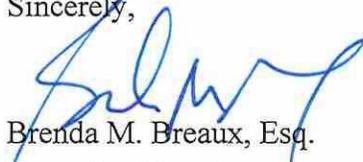
Resolved.

OM 2018-008

Partially Resolved. Management will utilize internal staff capacity and external stakeholders to perform periodic loan analysis of all transactions included in its loan portfolio.

Should you have any questions, please contact me at (504) 658-4452.

Sincerely,



Brenda M. Breaux, Esq.
Executive Director

cc: Derrick A. Muse, Chief Financial Officer
Tiffany Jackson-Lawson, Controller