



**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**  
Baton Rouge, Louisiana

**FINANCIAL STATEMENTS**

December 31, 2020

# EAST BATON ROUGE REDEVELOPMENT AUTHORITY

## d/b/a BUILD BATON ROUGE

Baton Rouge, Louisiana

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
East Baton Rouge Redevelopment Authority  
Baton Rouge, Louisiana

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the **EAST BATON ROUGE REDEVELOPMENT AUTHORITY** (Authority) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority'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 responsibility 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.

### *Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Authority as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and other information on pages 4 through 10 and Exhibits B through B-2 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information in Exhibit C is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information in Exhibit C is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the supplementary information in Exhibit C is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting***

*Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 on our consideration of the **EAST BATON ROUGE REDEVELOPMENT AUTHORITY'S**, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Faulk & Winbren, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
June 30, 2021

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY  
d/b/a BUILD BATON ROUGE**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our analysis of the East Baton Rouge Redevelopment Authority (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2020. The Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts. This MD&A should be read in conjunction with the financial statements which begin on Exhibit A.

**FINANCIAL HIGHLIGHTS**

In 2020, the Authority's governmental revenues remained relatively consistent with the prior year, while governmental expenses decreased (32%) from the prior year. The business-type revenues increased (7%) from the prior year whereas the business-type expenses decreased by 41%.

The major financial highlights for 2020 are as follows:

**Government-wide financial statements**

- The Authority's total net position at year-end for the primary government was \$6.3 million.
- 2020 revenues in excess of expenses resulted in an increase to net position of approximately \$92,000 for the primary government.

**Fund financial statements**

- The Authority's decreased 5% from prior year due to a decrease in program revenue from the City-Parish.
- The East Baton Rouge Community Development Entity, LLC (CDE), a blended component unit of the Authority, helping the Authority to deploy the New Market Tax Credits, had minimal activity, as previously awarded allocations were exhausted in 2020.
- The Authority's General Fund's operations reported an excess of revenues over expenditures of approximately \$41,000 for 2020. The General Fund's fund balance was approximately \$508,000 as of December 31, 2020.

**USING THIS ANNUAL REPORT**

The Authority's financial statements focus on the government as a whole and on major individual funds. Both government-wide and fund perspectives allow the reader to address relevant questions, broaden a basis for comparison from year to year, and enhance the Authority's accountability.

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the Authority as a whole and present a longer-term view of the Authority's finances.

Fund financial statements start on page 13. For governmental activities, these statements depict how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Authority's operations in more detail than the government-wide statements by providing information about the Authority's most significant funds.

The Authority's auditor has provided assurance in their independent auditors' report, located immediately preceding this MD&A, that the financial statements are fairly presented in all material respects. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information. A user of this report should read the independent auditors' report carefully to ascertain the level of assurance being provided for each part of this report.

### **Reporting on the Authority as a Whole**

The financial statements of the Authority as a whole begin on page 11. The Statement of Net Position and the Statement of Activities report information about the Authority as a whole and its activities in a way to determine if the Authority is in better condition, compared to the prior year. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to accounting methods used by most private-sector companies. All of the current year's revenues and expenses are reported regardless of when cash is received or paid. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods.

These two statements report the Authority's net position and related changes. The Authority's financial health, or financial position, can be measured by its net position—the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Authority's operations are divided into two kinds of activities:

**Governmental activities** – consist of the General Fund and special revenue funds. The General Fund accounts for unrestricted revenue sources as well as general and operational expenses. The special revenue funds account for receipts and expenditures of grant programs funds which are restricted for certain programs or project. These are considered governmental funds because the activities are funded through public sources such as taxes and grants.

**Business-type activities** – consist of the Land Acquisition Program and the Community Development Entity, LLC Funds which accounts for the activities of acquiring property and placing that property into viable development

At December 31, 2020, the Authority's net position was \$6.3 million, of which \$4.7 million is unrestricted. Restricted net position is reported separately to show legal constraints from legislation that limits the Authority's ability to use that net position for day-to-day operations.



The analysis of the primary government focuses on the net position and change in net position of the Authority's governmental activities and business-type activities is as follows:

East Baton Rouge Redevelopment Authority  
 Statements of Net Position  
 December 31, 2020 and 2019  
 (in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 2,915	\$ 686	\$ 150	\$ 181	\$ 3,065	\$ 867
Property acquisition costs	-	-	5,907	5,159	5,907	5,159
Loans receivable	715	717	-	-	715	717
Capital asset	32	41	-	-	32	41
<b>Total assets</b>	<b>\$ 3,662</b>	<b>\$ 1,444</b>	<b>\$ 6,057</b>	<b>\$ 5,340</b>	<b>\$ 9,719</b>	<b>\$ 6,784</b>
Current liabilities	\$ 2,407	\$ 220	\$ 1,037	\$ 381	\$ 3,444	\$ 601
Net position						
Net investment in capital assets	32	41	-	-	32	41
Restricted	-	-	1,556	1,556	1,556	1,556
Unrestricted	1,223	1,183	3,464	3,403	4,687	4,586
<b>Total net position</b>	<b>1,255</b>	<b>1,224</b>	<b>5,020</b>	<b>4,959</b>	<b>6,275</b>	<b>6,183</b>
<b>Total liabilities and net position</b>	<b>\$ 3,662</b>	<b>\$ 1,444</b>	<b>\$ 6,057</b>	<b>\$ 5,340</b>	<b>\$ 9,719</b>	<b>\$ 6,784</b>

As indicated in the table above, the assets of the Authority's Governmental Activities consist primarily of cash, loans receivable, and capital assets. While the loans and capital assets offer longer-term value to the Authority, they do not provide a source of readily available liquidity. The business-type activities' assets include land banking inventory and tax sale certificates which, when transferred or sold, can be recycled into other redevelopment activities, or used for operations, depending on the assets' initial funding source constraints. The internal balances are derived from the payment of fees associated with the issuance of New Market Tax Credits and represent unearned revenue to the governmental activities and prepaid costs to the business-type activities.

Net position of the Authority is a result of the accumulation of revenues in excess of expenses. The unrestricted portion of the net position represents amounts available to meet future obligations of the Authority. Restricted net position represents those net resources that are constrained for use according to the terms of the resource providers.

Net position of the Authority's governmental activities increased by 3%, or \$31,000, during 2020. Unrestricted net position represents the part of net position that can be used to finance day-to-day operations without constraints established by legislation or other legal requirements. The \$1.2 million in

unrestricted net position of governmental activities represents the cumulative results of operations since the Authority's inception.

The changes in net position are discussed later in this analysis. The net position of the Authority's business activities increased by 1%, or \$61,000, during 2020.

The results of 2020 and 2019 operations for the primary government as reported in the Statement of Activities, are as follows:

East Baton Rouge Redevelopment Authority  
Statements of Activities  
For the years ended December 31, 2020 and 2019  
(in thousands)

	Governmental Activities		Business-Type		Total Primary	
	2020	2019	2020	2019	2020	2019
Revenues:						
Charges for services	\$ 1,278	\$ 1,547	\$ 84	\$ 171	\$ 1,362	\$ 1,718
Grants and contributions	1,262	1,037	68	-	1,330	1,037
Other	141	249	31	-	172	249
Total revenues	<u>2,681</u>	<u>2,833</u>	<u>183</u>	<u>171</u>	<u>2,864</u>	<u>3,004</u>
Community Development Function Expenses:						
Payroll and benefits	1,178	1,003	88	-	1,266	1,003
Asset management fee and structuring fee	44	116	-	162	44	278
Legal and professional	1,141	1,316	-	45	1,141	1,361
Affordable rental program loans	-	403	-	-	-	403
Travel and meetings	16	49	-	-	16	49
Facilities, supplies, and other	271	1,025	34	-	305	1,025
Total expenses	<u>2,650</u>	<u>3,912</u>	<u>122</u>	<u>207</u>	<u>2,772</u>	<u>4,119</u>
Net position before transfers	31	(1,079)	61	(36)	92	(1,115)
Transfers in	<u>-</u>	<u>9</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>-</u>
Change in net position	31	(1,070)	61	(45)	92	(1,115)
Beginning net position, restated	<u>1,224</u>	<u>2,294</u>	<u>4,959</u>	<u>5,004</u>	<u>6,183</u>	<u>7,298</u>
Ending net position	<u>\$ 1,255</u>	<u>\$ 1,224</u>	<u>\$ 5,020</u>	<u>\$ 4,959</u>	<u>\$ 6,275</u>	<u>\$ 6,183</u>

## **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 statement presentation more familiar. The focus is on major funds, rather than generic fund types.

### **Reporting the Authority's Most Significant Funds**

The fund financial statements provide more detailed information about the Authority's most significant funds. Funds are accounting devices that the Authority uses to keep track of specific sources of funding and spending for particular purposes. Some funds may be required by state law or by bond covenants.

The Authority currently has five funds among two broad categories of fund types:

#### **Governmental Fund Types**

- General Fund accounts for unrestricted revenue sources and as well as general and operational expenditures. This fund is considered to be a governmental fund type, meaning the cost of its activities are funded through public sources such as taxes, grants, and general fee assessments.
- Mortgage Finance Authority (MFA) and Office of Community Development (OCD) funds are considered to be special revenue funds, and account for the receipt and expenditures of grant programs funds which are restricted for certain programs or projects.

#### **Proprietary Fund Types**

- Land Acquisition Program fund - an enterprise fund which accounts for all of the activity of acquiring property and placing that property into viable developments. This fund is considered to be a proprietary fund type, meaning, the cost of its activities are funded through self-generated fee-for-service revenues.
- Community Development Entity, LLC (the CDE) - an enterprise fund which accounts for all the activity of the CDE, a blended component unit of the Authority. This fund is also considered to be a proprietary fund type.

**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 in Exhibit A-9.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning original and final budgetary comparisons to actual results for the year for the Authority's budgetary funds.

## GOVERNMENTAL AND PROPRIETARY FUND BUDGETARY HIGHLIGHTS

### Governmental Funds

Governmental fund balances represent the net available resources for spending and General Fund balances often serve as a government's operating reserves. As the Authority completed 2020, its General Fund reported a fund balance of \$508,000. The General Fund experienced an operating surplus (or net increase in fund balance) of \$41,000 in 2020. Revenues of the governmental funds decreased 5% during 2020 when compared to 2019. Additionally, due to the COVID-19 pandemic, the Authority's operations have decreased substantially resulting in a decrease in expenditures of the general fund and other governmental funds.

The major governmental funds' operating results compared to budget are presented on pages 35 - 37. Budgets were adjusted throughout the year to appropriately reflect revenues, and to adjust expenditures as needed. Although variances exist between actual and budgeted amounts, the budgetary comparison schedules show the Authority operated within its available means.

### Enterprise Funds

The Enterprise Funds of the Authority (also reported as Business-Type Activities) account for the Land Acquisition Program and the East Baton Rouge Community Development Entity, LLC (CDE), the entity through which tax credits are issued for eligible projects. The CDE conducted minimal business during 2020 since its previously allocated tax credits were issued in previous years.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of 2020, the Authority \$32,274 invested in office furniture and equipment.

	Governmental Activities	
	2020	2019
Office furniture & equip	<u>\$ 32,274</u>	<u>\$ 40,705</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The Authority has been instrumental in the furtherance of significant development projects and programs in recent years through the issuance of New Markets Tax Credits, gap-financing loans, affordable rental loans, and land-banking activities. Additionally, the Authority has and is continuing to identify more stable and long-term sources of revenue to fund operating costs. Programs and projects will progress through a variety of secured funding sources, including intergovernmental grants and self-generating revenues.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide citizens, clients, and grantors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Christopher Tyson, 620 Florida St., Suite 110, Baton Rouge, LA 70801.

## **BASIC FINANCIAL STATEMENTS**

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**STATEMENT OF NET POSITION**

December 31, 2020

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,384,702	\$ 141,510	\$ 2,526,212
Due from governments and other receivables	343,759	-	343,759
Internal balances	158,629	(158,629)	-
Inventory - land acquisitions	-	5,907,282	5,907,282
Loans receivable, net	715,429	-	715,429
Prepays and other assets	27,483	7,602	35,085
Capital assets:			
Depreciable, net	32,274	-	32,274
Total assets	<u>\$ 3,662,276</u>	<u>\$ 5,897,765</u>	<u>\$ 9,560,041</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	\$ 82,617	\$ 12,888	\$ 95,505
Due to other governments	94,377	-	94,377
Line of credit	-	865,000	865,000
Unearned revenue	2,230,000	-	2,230,000
Total liabilities	<u>2,406,994</u>	<u>877,888</u>	<u>3,284,882</u>
<b>NET POSITION</b>			
Investment in capital assets	32,274	-	32,274
Restricted	-	1,555,807	1,555,807
Unrestricted	1,223,008	3,464,070	4,687,078
Total net position	<u>1,255,282</u>	<u>5,019,877</u>	<u>6,275,159</u>
Total liabilities and net position	<u>\$ 3,662,276</u>	<u>\$ 5,897,765</u>	<u>\$ 9,560,041</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2020

	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Functions/Programs</b>						
<b>Primary government:</b>						
Governmental activities:						
Community development	\$ 2,649,355	\$ 1,277,830	\$ 1,261,491	\$ (110,034)	\$ -	\$ (110,034)
Business-type activities:						
Real estate acquisition and land banking	122,195	83,756	67,600	-	29,161	29,161
Community Development Entity	-	-	-	-	-	-
Total business-type activities	122,195	83,756	67,600	-	29,161	29,161
Total primary government	\$ 2,771,550	\$ 1,361,586	\$ 1,329,091	(110,034)	29,161	(80,873)
General revenues:						
Interest income				140,957	77	141,034
Proceeds from sale of property				-	31,433	31,433
Total general revenues				140,957	31,510	172,467
Change in net position				30,923	60,671	91,594
Net position - beginning of year, restated				1,224,359	4,959,206	6,183,565
Net position - end of year				\$ 1,255,282	\$ 5,019,877	\$ 6,275,159

Notes on Exhibit A-9 are an integral part of this statement.



**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

December 31, 2020

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>OCD Fund</u>	<u>MFA Fund</u>	<u>Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,384,702	\$ -	\$ -	\$ 2,384,702
Due from governments and other receivables	66,491	261,064	16,204	343,759
Due from other funds	403,785	-	94,377	498,162
Prepays and other	26,162	1,321	-	27,483
Total assets	<u>\$ 2,881,140</u>	<u>\$ 262,385</u>	<u>\$ 110,581</u>	<u>\$ 3,254,106</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 49,184	\$ 33,433	\$ -	\$ 82,617
Due to other governments	-	-	94,377	94,377
Due to other funds	94,377	228,952	16,204	339,533
Unearned revenue	2,230,000	-	-	2,230,000
Total liabilities	<u>2,373,561</u>	<u>262,385</u>	<u>110,581</u>	<u>2,746,527</u>
<b>FUND BALANCE</b>				
Nonspendable	26,162	-	-	26,162
Unassigned	481,417	-	-	481,417
Total fund balance	<u>507,579</u>	<u>-</u>	<u>-</u>	<u>507,579</u>
Total liabilities and fund balance	<u>\$ 2,881,140</u>	<u>\$ 262,385</u>	<u>\$ 110,581</u>	<u>\$ 3,254,106</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY  
d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

December 31, 2020

Total net position reported for governmental activities in the Statement of Net Position is different because:

Total fund balance - governmental fund (Exhibit A-2)	\$ 507,579
Loans receivables, net of allowance, are not reported on the fund basis.	715,429
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation.	<u>32,274</u>
Net position of governmental activities (Exhibit A)	<u>\$ 1,255,282</u>

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS**

For the year ended December 31, 2020

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total</u>
	<u>General Fund</u>	<u>OCD Fund</u>	<u>MFA Fund</u>	<u>Governmental Funds</u>
<b>REVENUES</b>				
Intergovernmental grants	\$ 825,000	\$ -	\$ -	\$ 825,000
Private grants	436,491	-	-	436,491
Charges for services	576	1,277,254	-	1,277,830
Loan repayments - principal & interest	-	-	42,597	42,597
Total revenues	<u>1,262,067</u>	<u>1,277,254</u>	<u>42,597</u>	<u>2,581,918</u>
<b>EXPENDITURES</b>				
Current function:				
Community development				
Salaries and benefits	690,342	487,528	-	1,177,870
Legal and professional	410,637	730,409	-	1,141,046
Supplies and other operating	75,990	31,865	-	107,855
Rent and utilities	27,393	27,105	-	54,498
CDE management	44,258	-	-	44,258
Travel and meetings	15,192	347	-	15,539
Total expenditures	<u>1,263,812</u>	<u>1,277,254</u>	<u>-</u>	<u>2,541,066</u>
Excess (deficiency) of revenues over expenditures	<u>(1,745)</u>	<u>-</u>	<u>42,597</u>	<u>40,852</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	42,597	-	-	42,597
Transfers out	-	-	(42,597)	(42,597)
Total other financing sources (uses), net	<u>42,597</u>	<u>-</u>	<u>(42,597)</u>	<u>-</u>
Net change in fund balance	40,852	-	-	40,852
<b>FUND BALANCE</b>				
Beginning of year, restated	<u>466,727</u>	<u>-</u>	<u>-</u>	<u>466,727</u>
End of year	<u>\$ 507,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 507,579</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2020

The change in net position reported for governmental activities in the Statement of Activities is different because:

Net change in fund balance - total governmental funds (Exhibit A-4)	\$	40,852
Governmental funds report loan principal repayments as revenues. However, in the statement of activities, the repayments are reported as a reduction in the outstanding receivable.		(17,197)
Governmental funds do not report a provision for loan losses or recovery of amounts previously allowed for receivables.		(99,859)
Governmental funds do not report interest income for loan balances.		
Difference between interest income reported on statement of activities and interest payments received and reported as revenue within the governmental funds.	140,957	
	<u>(25,400)</u>	115,557
The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives and reported as depreciation expense.		
Depreciation expense		<u>(8,430)</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u>30,923</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

December 31, 2020

	<b>Land Acquisition Program</b>	<b>East Baton Rouge Community Development Entity, LLC</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 85,703	\$ 55,807	\$ 141,510
Inventory - land acquisitions	5,907,282	-	5,907,282
Prepaid expense	7,602	-	7,602
Total assets	<u>\$ 6,000,587</u>	<u>\$ 55,807</u>	<u>\$ 6,056,394</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 12,888	\$ -	\$ 12,888
Due to other funds	158,629	-	158,629
Line of credit	865,000	-	865,000
Total current liabilities	<u>1,036,517</u>	<u>-</u>	<u>1,036,517</u>
<b>NET POSITION</b>			
Restricted:			
Community Development Block Grants	1,500,000	-	1,500,000
Community Development Entity	-	55,807	55,807
Unrestricted	<u>3,464,070</u>	<u>-</u>	<u>3,464,070</u>
Total net position	<u>4,964,070</u>	<u>55,807</u>	<u>5,019,877</u>
Total liabilities and net position	<u>\$ 6,000,587</u>	<u>\$ 55,807</u>	<u>\$ 6,056,394</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**

For the year ended December 31, 2020

	<b>Land Acquisition Program</b>	<b>East Baton Rouge Community Development Entity, LLC</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Rental income	\$ 83,756	\$ -	\$ 83,756
Grant revenue	67,600	-	67,600
Proceeds from sale of property	31,433	-	31,433
Interest	-	77	77
Total operating revenues	<u>182,789</u>	<u>77</u>	<u>182,866</u>
<b>OPERATING EXPENSES</b>			
Professional and legal services	88,408	-	88,408
Cost of property inventory	11,978	-	11,978
Supplies and other operating	21,809	-	21,809
Total operating expenses	<u>122,195</u>	<u>-</u>	<u>122,195</u>
Change in net position	60,594	77	60,671
<b>NET POSITION</b>			
Beginning of year	<u>4,903,476</u>	<u>55,730</u>	<u>4,959,206</u>
End of year	<u>\$ 4,964,070</u>	<u>\$ 55,807</u>	<u>\$ 5,019,877</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

For the year ended December 31, 2020

	<u>Land Acquisition Program</u>	<u>East Baton Rouge Community Development Entity, LLC</u>	<u>Total</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Operating revenue	\$ 182,789	\$ 77	\$ 182,866
Payments for land acquisition	(748,268)	-	(748,268)
Other operating payments	(122,809)	-	(122,809)
Net cash (used) provided by operating activities	<u>(688,288)</u>	<u>77</u>	<u>(688,211)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Tax certificate redemptions (net)	9,045	-	9,045
Net cash provided by for investing activities	<u>9,045</u>	<u>-</u>	<u>9,045</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Line of credit	569,885	-	569,885
Increase in due to other funds	76,846	-	76,846
Net cash provided by noncapital and related financing activities	<u>646,731</u>	<u>77</u>	<u>646,731</u>
Net (decrease) increase in cash	(32,512)	77	(32,435)
<b>CASH</b>			
Beginning of period	118,215	55,730	173,945
End of period	<u>\$ 85,703</u>	<u>\$ 55,807</u>	<u>\$ 141,510</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 60,594	\$ 77	\$ 60,671
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in operating assets and liabilities:			
Increase in inventory	(748,268)	-	(748,268)
Decrease in accounts payable and accrued liabilities	(614)	-	(614)
Net cash (used) provided by operating activities	<u>\$ (688,288)</u>	<u>\$ 77</u>	<u>\$ (688,211)</u>

Notes on Exhibit A-9 are an integral part of this statement.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Statement Presentation**

The East Baton Rouge Redevelopment Authority (the Authority or RDA) was created through a series of Acts of the 2007 and 2009 Louisiana Legislative sessions. It is governed by a five-member Board of Commissioners appointed by the Mayor-President of East Baton Rouge Parish, Baton Rouge Area Foundation, and Baton Rouge Area Chamber. The Authority's goals are to transform the quality of life for all citizens; foster redevelopment in disinvested areas; facilitate partnerships; create a vibrant, competitive community; and preserve and enhance a sense of place.

The Authority accomplishes these goals through funding obtained through various avenues including cooperative endeavors, grants, public-private partnerships, joint ventures, and equity participation structures with nonprofit organizations and private enterprises. Programs of the Authority include Small Business Facade, Gap Financing, Affordable Rental Housing, Land Banking, Community Health, Economic Revitalization, and the Tax Sale Certificate Purchase Program. These programs are also funded from the issuance of new market tax credits issued through the East Baton Rouge Community Development Entity, LLC (CDE).

The accounting and reporting practices of the East Baton Rouge Redevelopment Authority conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

**Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by Statement No. 61, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Although the Authority is a legally separate entity possessing the right to levy taxes, approve its own budget and issue debt, under provisions of this Statement, the Authority is considered a *component unit* of the City-Parish government of East Baton Rouge (City-Parish), the *primary government*, since a level of control is maintained by the City-Parish through appointment of a majority of the Authority's Board and through fiscal interdependency. As a component unit, the Authority's financial statements are discretely presented in the City-Parish's financial statements.

(continued)



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (continued)**

The Authority itself also has a *component unit*, the East Baton Rouge Community Development Entity, LLC (the CDE). The Authority owns a forty-nine percent membership interest in the CDE and three of the five members of the CDE's board of directors are also members of the Authority's board of directors. Additionally, it has been determined that a financial benefit/lender relationship exists. Accordingly, the CDE's financial statements are presented in the financial statements of the Authority as a blended component unit.

The Authority, has in previous years, received a significant amount of funding from the East Baton Rouge Mortgage Finance Authority (EBRMFA), which is considered to be a *related organization* to the City-Parish as defined by GASB Statement No. 14, as amended through Statement No. 61, due to the City-Parish appointing a majority of its Board of Directors. No presentation is required of the EBRMFA within these financial statements.

**Basis of Presentation**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the GASB. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards* that are promulgated by the GASB, which is the accepted standard setting body for establishing governmental accounting principles and reporting standards. The Authority's basic financial statements consist of the government-wide statements of all of the primary government and its component unit and the fund financial statements.

**Government-Wide Financial Statements**

The accompanying government-wide statements (the Statement of Net Position and Statement of Activities) are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenses are recognized when the related liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements**

***Governmental Fund Types:***

The governmental fund financial statements (the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance) are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. The Authority considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due. The governmental fund financial statements provide information about the Authority's governmental funds. The emphasis of fund financial statements is on the major governmental funds. As of December 31, 2020, the Authority has two major governmental funds and one non-major fund as follows:

- General Fund - accounts for the general operations of the Authority that are funded through unrestricted funding sources. The General Fund is always a major fund.
- Office of Community Development (OCD) CDBG HOME Fund - accounts for the charges for services to the City of Baton Rouge and Parish of East Baton Rouge for the administration of the Community Planning and Development grant programs from the U.S. Department of Housing and Urban Development. The OCD fund is reported as a major special revenue fund.
- MFA Fund - accounts for the grant funding obtained from the East Baton Rouge Parish Mortgage Finance Authority. The MFA fund is reported as a non-major special revenue fund.

***Fund Basis:***

*Enterprise Funds* - Enterprise funds are presented using the economic resources measurement focus and the accrual basis of accounting. They are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Financial Statements (Continued)**

***Proprietary Fund Types (Continued):***

The two enterprise funds reported as major funds in the fund financial statements are as follows:

- The Land Acquisition Program Fund accounts for the operation of the Land Acquisition Program in which property is obtained for viable developments.
- The East Baton Rouge Community Development Entity Fund, LLC (the CDE), a blended component unit, accounts for the operations of the CDE.

The CDE was formed on February 23, 2009, under the laws of the State of Louisiana. The CDE is a qualified Community Development Entity (CDE) that holds new market tax credits (NMTC) allocation authority to be used for investment in Qualified Active Low Income Community Businesses (QALICB) pursuant to Section 45D of the Internal Revenue Code (IRC). The CDE was granted a seventh round allocation of \$60,000,000 of NMTC authority from the U.S. Treasury's Community Development Financial Institutions Fund (CDFI Fund) under an Allocation Agreement dated October 30, 2009. In general, under Section 45D of the IRC, a qualified investor in a CDE can receive the NMTC to be used to reduce Federal taxes otherwise due in each year of a seven-year period.

Under the CDE's Allocation Agreement with CDFI Fund, Redevelopment Authority Fund I, LLC (Fund I), Redevelopment Authority Fund II, LLC (Fund II), Redevelopment Authority Fund III, LLC (Fund III), Redevelopment Authority Fund IV, LLC (Fund IV), and Redevelopment Authority Fund V, LLC (Fund V) have become approved "Subsidiary Allocatees" of the CDE, the managing member of the Subsidiary Allocatees. An allocation agreement places restriction on the CDE's operations, including, but not limited to, a specific geographical area of the low-income communities the CDE must serve. The CDE has been approved to serve low-income communities in East Baton Rouge Parish, Louisiana. As of December 31, 2016, the CDE has allocated its seventh round NMTC authority of \$60,000,000 to Fund I, Fund II, Fund III, Fund IV, and Fund V.

In accordance with the CDE's operating agreement, profits, losses and cash flows (subject to special allocations) are allocated 49% to East Baton Rouge Redevelopment Authority and 51% to the City-Parish.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

The Authority receives revenue through Cooperative Endeavor Agreements for services provided. The Authority has determined that the funds received from these agreements are attributable to one performance obligation (program administration services), and the Authority recognizes revenue when the performance obligation is satisfied (as the services are performed). As a result, the adoption of this standard did not change the Authority's methodology for revenue recognition for its current revenue streams.

Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Revenue from grants are recognized in the year in which all eligibility requirements have been satisfied and the availability criteria met which means twelve months.

**Investment in Limited Liability Companies**

The Authority accounts for its investment in the limited liability companies using the equity method of accounting. Under the equity method, the investment is recorded at cost, and increased or decreased by the Authority's share of the limited liability companies' income or losses, and increased or decreased by the amount of any contributions made or distributions received. The Authority holds a 0.01% membership interest in each of the Funds as of December 31, 2020. This investment had no balance as of December 31, 2020.

The Authority regularly evaluates the carrying value of its investment in the limited liability companies. If the carrying value exceeds the estimated value derived by management, the Authority reduces its investment as an impairment loss. Fair value is measured as the remaining benefits, including NMTCs and flow-through income, to the Authority. As of December 31, 2020, an impairment loss has not been recognized.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

**Loans Receivable**

Loans receivable represent loans advanced for programmatic and development purposes whose repayment terms are evidenced through promissory notes. The notes are carried at their outstanding principal balance less an allowance for amounts estimated to be uncollectible or forgiven. Management determines the estimated loan losses based upon the payment status of the loan, the financial condition of the project, and other economic factors.

**Capital Assets**

Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Furniture and equipment	3-10
Computer Software	3-5

**Government-wide and Proprietary Fund Net Position**

Government-wide and proprietary fund net position is divided into three components:

- Investment in capital assets – is the historical cost of capital assets less accumulated depreciation and related debt to acquire those assets.
- Restricted net position – is the net position that is restricted by the Authority's creditors (for example, through debt covenants), grantors (both federal and state), and other contributors.
- Unrestricted – all other net position is reported in this category.

In the government-wide and proprietary fund statements, restricted resources available for use will be depleted prior to use of unrestricted resources.

(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Fund Balances**

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

- Nonspendable – amounts that cannot be spent because they are either in a nonspendable form or they are legally or contractually required to be maintained intact. Management has classified prepaid expenditures as being nonspendable as this item is not expected to be converted to cash.
- Restricted – amounts that can be spent only for specific purposes externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions of enabling legislations. The Authority did not have any restricted fund balances as of December 31, 2020.
- Committed – amounts that can only be used for specific purposes determined by formal action of the Authority's board of directors, which is the Authority's highest level of decision-making authority. The Authority did not have any committed fund balance as of December 31, 2020.
- Assigned – amounts that are designated by the Authority for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt services) by the Authority's board of directors. The Authority did not have any assigned fund balance at year-end.
- Unassigned – all amounts not included in other spendable classifications.

**Use of Restricted Resources**

When an expense is incurred that can be paid using either restricted or unrestricted resources (fund balance), the Authority's policy is to apply the expenditure in the following priority:

1. Restricted fund balance,
2. Committed fund balance,
3. Assigned fund balance, and
4. Unassigned fund balance.

**Operating and Non-Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with each fund's principal on-going operations. All revenues and expenses not meeting this definition are considered non-operating.

(continued)

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **Budget Policy and Budgetary Accounting**

#### ***General Budget Practices***

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- State statute requires budgets to be adopted in public session for the General Fund and all special revenue funds.
- Prior to the beginning of its fiscal year, the Chief Executive Officer submits to the Board a proposed annual budget for the General Fund and special revenue funds. Public hearings are conducted prior to the Authority's approval to obtain comments. The operating budgets include proposed expenditures and the means of financing them.
- Appropriations (unexpended budget balances) lapse at December 31st of each year.
- Formal budget integration (within the accounting records) is employed as a management control device. Budget amounts included in the accompanying financial statements consist of those presented in the original budget adopted by the Board and as amended by the Board.

#### ***Budgeting Basis***

All governmental funds' budgets are prepared on the modified accrual basis of accounting, a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are originally adopted and subsequently amended by the Board. Legally, the Board must adopt a balanced budget; that is, total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the Board to amend its budget when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for the allowance for uncollectible accounts receivable, unearned revenue, and depreciation.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory – Land Acquisitions**

Land inventory is recorded at cost and represents cost incurred in the acquisition, development, and maintenance of blighted or adjudicated properties. Donated property is recorded at fair value at the date of donation if determinable and of significance. Gain or loss resulting from the sale or transfer of the related properties is reflected in the change in net position in the period of sale or transfer.

**Prepaid 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.

**Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 30, 2021, which was the date the financial statements were available to be issued.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

As a political subdivision of the State of Louisiana, the Authority may deposit funds in state chartered financial institutions or nationally chartered institutions with principal offices maintained within Louisiana. Under Louisiana law, all deposits must be secured against custodial credit risk through either FDIC insurance or the pledge of investment securities owned by the financial institution. Custodial credit risk is the risk that deposits in a financial institution may be unable to be recovered in the event of a bank failure.

The Authority had no exposure to custodial credit risk at December 31, 2020.

(continued)



**NOTE 3 - CAPITAL ASSETS**

Capital assets and depreciation as of December 31, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets being depreciated:</b>				
Furniture and equipment	\$ 128,005	\$ -	\$ -	\$ 128,005
Computer software	6,434	-	-	6,434
Total capital assets being depreciated	<u>134,439</u>	<u>-</u>	<u>-</u>	<u>134,439</u>
<b>Less accumulated depreciation for:</b>				
Furniture and equipment	87,909	8,248	-	96,157
Computer software	5,826	182	-	6,008
Total accumulated depreciation	<u>93,735</u>	<u>8,430</u>	<u>-</u>	<u>102,165</u>
Total governmental capital assets, net	<u>\$ 40,704</u>	<u>\$ (8,430)</u>	<u>\$ -</u>	<u>\$ 32,274</u>

For the year ended December 31, 2020, depreciation expense was \$8,430 and is reported in the Statement of Activities under the Governmental Activities within the community development function.

**NOTE 4 - LINE OF CREDIT**

On May 30, 2019, the Authority entered into a memorandum of understanding with the Capital Area Finance Authority (CAFA) for a line of credit not to exceed \$300,000 for property acquisition, new construction and/or rehabilitation. Funds from the line of credit may be drawn as needed by the Authority in any amount up to the not to exceed amount. A first mortgage lien in favor of CAFA will be placed on each property acquired, constructed, or rehabilitated using a draw from the line of credit during the term of the financing. The draws will represent interest only loans with interest fixed at 4% per year. On November 26, 2019, the agreement was amended to increase the line of credit to \$865,000. On June 18, 2020, the agreement was amended a second time to allow usage of funds for professional services. As of December 31, 2020, the balance owed on the line of credit was \$865,000.

**NOTE 5 - COMMITMENTS AND CONTINGENCY**

**Lease**

The Authority entered into a new lease in downtown Baton Rouge effective March 1, 2018 (expired February 29, 2020) for 2,774 square feet of office space. The lease automatically renewed for a one-year term on the anniversary date unless the Authority provides written notice of their desire not to renew. The lease payments increase 5% annually.

**NOTE 5 - COMMITMENTS AND CONTINGENCY (CONTINUED)**

Future lease payments are scheduled to occur during each respective year as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 41,592
2022	<u>7,279</u>
	<u>\$ 48,871</u>

**Advancing Cities Contracts**

The Authority was awarded with a \$5,000,000 contract from JPMorgan Chase Foundation for the Plank Road Masterplan Implementation to be paid in installments until November 2022. Accordingly, the Authority entered into contracts with vendors as part of this initiative. The remaining commitments on these contracts are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 3,107,000
2022	<u>703,500</u>
	<u>\$ 3,810,500</u>

**NOTE 6 - COMPENSATION OF THE BOARD OF COMMISSIONERS**

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

(continued)

**NOTE 7 - GAP FINANCING AND RENTAL REHABILITATION LOANS RECEIVABLE**

In the furtherance of its mission, the Authority issues below-market interest rate loans to multi-family housing developers and other organizations. These loans have repayment terms from 3 to 30 years and the principal of certain loans may be forgiven upon satisfactory compliance with the lending and regulatory agreements. At December 31, 2020, the Authority had four loans outstanding to borrowers under active lending agreements. These loans are carried as an asset in the government activities financial statements at the outstanding principal amount less an allowance for amounts estimated to be uncollectable or forgiven as determined by management. Loans outstanding at December 31, 2020 consist of:

	Amount
Principal balances outstanding	\$ 2,367,193
Interest on principal balances	319,478
Allowance for uncollectable or forgiven amounts	(1,971,242)
Total loans outstanding, net	\$ 715,429

**NOTE 8 - LAND BANKING INVENTORY**

In furtherance of its mission, the Authority acquires properties for redevelopment. These properties may be acquired through transfer of adjudicated properties from the East Baton Rouge Parish government, by purchase, or through donation. While held in inventory, the Authority clears the title of the properties, maintains and develops them, and then transfers the properties to other organizations for further development, rehabilitation, or other uses. Costs to acquire and develop are carried as inventory in the Land Banking Fund's Statement of Net Position and are expensed upon transfer of the property. Routine maintenance costs are expensed as incurred. Activity of land banking inventory during 2020 was as follows:

	Amount
Beginning balance	\$ 5,159,014
Cost incurred to acquire new properties and maintain existing properties	748,268
Ending balance	\$ 5,907,282

**NOTE 9 - TAX SALE CERTIFICATE PURCHASE PROGRAM**

The Authority has a program whereby tax lien certificates are purchased at tax sale for those properties within East Baton Rouge Parish whose taxes are delinquent and unpaid. The tax certificates convey the right to receive redemption payments of the taxes plus interest and penalties for three years subsequent to acquisition by the Authority. Property rights convey to the purchaser of the tax certificates if the taxes are not paid within the three years.

**NOTE 9 - TAX SALE CERTIFICATE PURCHASE PROGRAM (CONTINUED)**

R.S. 33:4720.1051 gives the Authority preference to purchase the tax certificate at the minimum bid amount except for a higher bid submitted by a conventional mortgage holder. At December 31, 2020, the Authority did not own any tax lien certificates.

**NOTE 10 - INTERFUND BALANCE**

Interfund receivable and payable balances represent short-term borrowing between funds. The interfund balances of the primary government at December 31, 2020 were as follows:

Individual Fund	Receivable	Payable
<b>Governmental-type activities:</b>		
<b>General Fund:</b>		
MFA Fund	\$ 16,204	\$ 94,377
Land Bank Fund	158,629	-
OCD Fund	228,952	-
<b>Total General Fund</b>	<b>403,785</b>	<b>94,377</b>
<b>OCD Fund:</b>		
General Fund	-	228,952
<b>Total OCD Fund</b>	<b>-</b>	<b>228,952</b>
<b>MFA Fund:</b>		
General Fund	94,377	16,204
<b>Total MFA Fund</b>	<b>94,377</b>	<b>16,204</b>
<b>Total governmental activities</b>	<b>498,162</b>	<b>339,533</b>
<b>Business-type activities:</b>		
<b>Land Bank Fund</b>		
General Fund	-	158,629
<b>Total Land Bank Fund</b>	<b>-</b>	<b>158,629</b>
<b>Total primary government</b>	<b>\$ 498,162</b>	<b>\$ 498,162</b>

**NOTE 11 - INTERFUND TRANSFERS**

Transfers were made from the MFA Fund to the General Fund to provide for operating costs approved by the budget. Interfund transfers at year end were as follows:

	Transfer In	Transfer Out
<i>Primary Government:</i>		
<b>General Fund:</b>		
MFA Fund	\$ 42,597	\$ -
<b>MFA Fund:</b>		
General Fund	-	42,597
Total	\$ 42,597	\$ 42,597

**NOTE 12 - CURRENT OPERATING ENVIRONMENT**

The Authority operated with minimal staff in prior years as part of a planned effort to operate within its available revenues after several years of operating deficits. These deficits were the result of decreases in revenues which were historically derived from non-recurring sources or through unsustainable methods of revenue generation. Additional funding was secured in 2020 through both the City-Parish government and other various granting agencies. The Authority anticipates continued consistent funding from various sources on a prospective basis and has hired additional staff to assist in fulfilling its mission.

**NOTE 13 - DEVELOPMENT AGREEMENTS**

On December 1, 2016, the Authority entered into an agreement to lease property located at 1509 Government Street, Baton Rouge, Louisiana. The Authority leased the property to a company to facilitate the development and construction of a mixed-use development consisting of residential, commercial, and retail purposes. The Authority started receiving monthly lease payments of approximately \$9,900 during 2018.

Potential additional lease payments will be made to the Authority in an amount to be determined based on revenue generated from future developments.

On April 1, 2020, The Authority entered into a Forbearance agreement with Electric Depot due to the negative effects of COVID-19. A forbearance of the contract was implemented for the four months of March, April, May, and June of 2020, and increased the monthly lease payments beginning July 2020 from \$9,900 to \$10,300 per month. Per the contract, the tenant was negatively impacted by COVID-19 and could not pay the Base Rent pursuant to the terms of the previous lease. Total rental income of approximately \$84,000 is recorded in the Land Banking Fund in 2020.

**NOTE 14 - RESTATEMENT OF NET POSITION/FUND BALANCE**

The January 1, 2020 and 2019, beginning balance of the governmental activities' net position and the General Fund's fund balance was restated to write-off an uncollectible receivable from the Gustav/Ike fund as follows:

<u><b>Governmental Activities</b></u>	<u>2020</u>	<u>2019</u>
Beginning net position, as previously stated	\$ 1,233,807	\$ 2,304,196
To record uncollectible receivable from Gustav/Ike fund	<u>(9,448)</u>	<u>(9,448)</u>
Beginning net position, restated	<u>\$ 1,224,359</u>	<u>\$ 2,294,748</u>
<u><b>General Fund Financial Statements</b></u>	<u>2020</u>	<u>2019</u>
Beginning fund balance, as previously stated	\$ 476,175	\$ 911,486
To record uncollectible receivable from Gustav/Ike fund	<u>(9,448)</u>	<u>(9,488)</u>
Beginning fund balance, restated	<u>\$ 466,727</u>	<u>\$ 901,998</u>

**NOTE 15 - SUBSEQUENT EVENT**

**Property Acquisition**

On February 22, 2021, the Authority purchased a property for \$1,315,000. The purchase of this property was not funded through the use of the Authority's line of credit.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

**GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance - positive (negative)
<b>REVENUES</b>				
Intergovernmental grants	\$ 525,000	\$ 825,000	\$ 825,000	\$ -
Private grants	-	600,000	436,491	(163,509)
New market tax credits	-	-	576	576
	525,000	1,425,000	1,262,067	(162,933)
<b>EXPENDITURES</b>				
Current function:				
Community development				
Salaries and benefits	597,490	696,903	690,342	6,561
Legal and professional	133,333	412,772	410,637	2,135
Supplies and other operating expenses	42,690	40,559	75,990	(35,431)
CDE management fee	73,000	46,258	44,258	2,000
Rent and utilities	19,227	17,990	27,393	(9,403)
Travel and meeting	34,500	9,050	15,192	(6,142)
Grant expenses	382,737	-	-	-
	1,282,977	1,223,532	1,263,812	(40,280)
Excess (deficiency) of revenues over expenditures	(757,977)	201,468	(1,745)	(203,213)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	85,880	42,596	42,597	1
	85,880	42,596	42,597	1
Net change in fund balance	\$ (672,097)	\$ 244,064	40,852	\$ (203,212)
<b>FUND BALANCE</b>				
Beginning of year, restated			\$ 466,727	
End of year			\$ 507,579	



**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**  
**OFFICE OF COMMUNITY DEVELOPMENT (OCD)**

Baton Rouge, Louisiana

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended December 31, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - positive (negative)</u>
<b>REVENUES</b>				
Charges for services	\$ 1,188,081	\$ 1,318,219	\$ 1,277,254	\$ (40,965)
<b>EXPENDITURES</b>				
Current function:				
Community development				
Legal and professional	938,579	766,225	730,409	35,816
Salaries and benefits	563,006	492,029	487,528	4,501
Supplies and other	33,229	31,783	31,865	(82)
Rent and utilities	26,005	26,835	27,105	(270)
Travel and meetings	10,000	1,347	347	1,000
Total expenditures	<u>1,188,081</u>	<u>1,318,219</u>	<u>1,277,254</u>	<u>40,965</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE</b>				
Beginning of year			-	
End of year			<u>\$ -</u>	

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**  
Baton Rouge, Louisiana

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended December 31, 2020

**NOTE 1 - BUDGETS**

**Budget Policy and Budgetary Accounting**

A proposed budget is prepared and submitted by management of the Authority prior to the beginning of each fiscal period. A budget summary and notice of a public hearing is published, with the public hearing being conducted prior to the adoption of the budget.

The annual operating budget is prepared on the modified accrual basis of accounting. At the end of the fiscal period, unexpended appropriations automatically lapse. Budget amendments are approved by the Authority and are included in the financial statements.

In connection with budget preparation, a portion of the unassigned fund balance of an individual fund may be assigned for expenditures of the subsequent period. Such designations represent the extent to which the fund balance is used to balance the subsequent period's operating budget of that fund, as reflected in the legally adopted budget. There were no such assignments in 2020.

**Basis of Accounting**

The Authority's budget is prepared on the modified accrual basis of accounting, which is described in Note 1 to the Authority's financial statements for the period ended December 31, 2020.

**NOTE 2 - STEWARDSHIP**

**Unfavorable Revenue Variance**

Due to revenue recognition of an expenditure driven grant, the Authority had an unfavorable revenue variance in the General Fund. The Authority budgeted revenue in the General Fund of \$1,425,000; however, actual revenue totaled \$1,262,067, an unfavorable variance of 11.4%.

**OTHER SUPPLEMENTARY INFORMATION**

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY**  
**d/b/a BUILD BATON ROUGE**

Baton Rouge, Louisiana

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

For the year ended December 31, 2020

**Agency Head:** Christopher Tyson, President and CEO

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 155,000
Benefits - insurance	16,682
Benefits - retirement	15,500
Mileage allowance	6,000
Travel and lodging reimbursements	1,685
Cell phone allowance	1,200
Total	\$ 196,067

**OTHER INDEPENDENT AUDITORS' REPORTS**



**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  
East Baton Rouge Redevelopment Authority  
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the **EAST BATON ROUGE REDEVELOPMENT AUTHORITY (AUTHORITY)** as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 30, 2021.

**Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

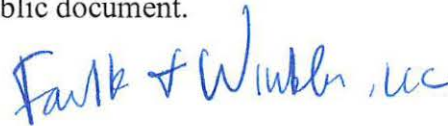
## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as item 2020-001.

## Purpose of this Report

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

This report is intended solely for the information and use of the Authority's Board and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Certified Public Accountants

Baton Rouge, Louisiana  
June 30, 2021

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY  
d/b/a BUILD BATON ROUGE**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

For the year ended December 31, 2020

**1) Summary of Auditor's Results:**

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiencies in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**

C) Noncompliance which is material to the financial statements: **2020-001.**

**2)** Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**



**EAST BATON ROUGE REDEVELOPMENT AUTHORITY  
d/b/a BUILD BATON ROUGE**

**SUMMARY OF FINDINGS AND RECOMMENDATIONS**

For the year ended December 31, 2020

**1) FINDINGS – FINANCIAL STATEMENTS**

None.

**2) FINDINGS – FEDERAL AWARDS AND QUESTIONED COSTS**

None.

**3) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS**

**2020-001 Louisiana Budget Law**

**Fiscal Year Finding Originated:** 2020

**Criteria:** In accordance with R.S. 39:1310, an adopted budget must be amended whenever notification is received pursuant to R.S. 39:1311, or whenever there has been a change in operations upon which the original adopted budget was developed.

**Condition:** Actual revenues in the General Fund had an unfavorable variance of 11.4% of the final budgeted amounts.

**Cause:** The budget was not amended when actual revenues were less than the budget by more than 5%.

**Effect:** The Authority is non-compliant with the Louisiana budget law.

**Recommendation:** We recommend that the Authority should amend the budgets in accordance with the statute. Additionally, the budgets should be monitored on a continual basis.

**Management's corrective action plan:** Management believes this to be an isolated incident due to a revenue recognition issue and will continue to monitor actual revenues throughout the year to ensure budget compliance in future fiscal years.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY  
d/b/a BUILD BATON ROUGE**

**SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

For the year ended December 31, 2020

**1) FINDINGS – FINANCIAL STATEMENTS**

**2019-001 Internal Control over Financial Reporting**

This matter is considered resolved.

**2) FINDINGS – FEDERAL AWARDS AND QUESTIONED COSTS**

None.

**3) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS**

None.