



EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE
Baton Rouge, Louisiana

FINANCIAL STATEMENTS

December 31, 2021

EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE

Baton Rouge, Louisiana

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December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
East Baton Rouge Redevelopment Authority,
D/B/A Build Baton Rouge
Baton Rouge, Louisiana

Opinions

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 D/B/A BUILD BATON ROUGE** (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, 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, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Louisiana Governmental Audit Guide* and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(continued)

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 9 and Exhibits B through B-2 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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. 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. 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 supplementary information in Exhibit C are 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 28, 2022, on our consideration of the Authority, 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 & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 28, 2022

**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 D/B/A Build Baton Rouge (the Authority) financial performance provides an overview of the Authority's financial activities for the year ended December 31, 2021. 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 2021, the Authority's governmental revenues doubled from the prior year and the governmental expenses increased by 103% from the prior year. The increase in revenues and expenses were driven by \$3 million in private grants received and the related expenses associated with the grants. The business-type revenues increased 21% from the prior year and the business-type expenses increased by 69%.

The major financial highlights for 2021 are as follows:

Government-wide financial statements

- The Authority's total net position at year-end for the primary government was \$6.2 million.
- 2021 expenses in excess of revenues resulted in an decrease to net position of approximately \$40,000 for the primary government.

Fund financial statements

- 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 operations reported a deficiency of revenues over expenditures of approximately \$53,000 for 2021. The General Fund's fund balance was approximately \$454,000 as of December 31, 2021.

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 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, 2021, the Authority's net position was \$6.2 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
D/B/A Build Baton Rouge
Statements of Net Position
December 31, 2021 and 2020
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 1,178	\$ 2,915	\$ 27	\$ 150	\$ 1,205	\$ 3,065
Property acquisition costs	-	-	6,606	5,907	6,606	5,907
Loans receivable, net	721	715	-	-	721	715
Capital assets	24	32	-	-	24	32
Total assets	\$ 1,923	\$ 3,662	\$ 6,633	\$ 6,057	\$ 8,556	\$ 9,719
Current liabilities	\$ 723	\$ 2,407	\$ 1,598	\$ 1,037	\$ 2,321	\$ 3,444
Net position						
Net investment in capital assets	24	32	-	-	24	32
Restricted	-	-	1,500	1,556	1,500	1,556
Unrestricted	1,176	1,223	3,535	3,464	4,711	4,687
Total net position	1,200	1,255	5,035	5,020	6,235	6,275
Total liabilities and net position	\$ 1,923	\$ 3,662	\$ 6,633	\$ 6,057	\$ 8,556	\$ 9,719

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 decreased by 4%, or \$55,000, during 2021. 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 \$15,000, during 2021.

The results of 2021 and 2020 operations for the primary government as reported in the Statement of Activities, are as follows:

East Baton Rouge Redevelopment Authority
D/B/A Build Baton Rouge
Statements of Activities
For the years ended December 31, 2021 and 2020
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary	
	2021	2020	2021	2020	2021	2020
Revenues:						
Charges for services	\$ 1,272	\$ 1,278	\$ 124	\$ 84	\$ 1,396	\$ 1,362
Grants and contributions	3,938	1,262	88	68	4,026	1,330
Other	127	141	9	31	136	172
Total revenues	<u>5,337</u>	<u>2,681</u>	<u>221</u>	<u>183</u>	<u>5,558</u>	<u>2,864</u>
Community Development Function Expenses:						
Payroll and benefits	1,005	1,178	154	88	1,159	1,266
Asset management fee and structuring fee	30	44	-	-	30	44
Legal and professional	3,994	1,141	-	-	3,994	1,141
Travel and meetings	14	16	-	-	14	16
Facilities, supplies, and other	349	271	52	34	401	305
Total expenses	<u>5,392</u>	<u>2,650</u>	<u>206</u>	<u>122</u>	<u>5,598</u>	<u>2,772</u>
Change in net position	(55)	31	15	61	(40)	92
Beginning 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>
Ending net position	<u>\$ 1,200</u>	<u>\$ 1,255</u>	<u>\$ 5,035</u>	<u>\$ 5,020</u>	<u>\$ 6,235</u>	<u>\$ 6,275</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 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 and receipts and expenditures related to administering programs on behalf of the City-Parish, which are recorded as charges for services.

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 rental income and grant 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 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 2021, its General Fund reported a fund balance of \$454,000.

The General Fund experienced an operating deficit (or net decrease in fund balance) of \$81,000 in 2021. Revenues of the governmental funds doubled during 2021 when compared to 2020. Additionally, due to the increase in revenues of the governmental funds expenditures of the general fund increased by \$2,811,000. The increase in revenues and related to private grant monies received and earned for the Advancing Cities grant and the related expenses associated with the grant project.

The major governmental funds’ operating results compared to budget are presented on pages 34 - 36. 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Authority’s capital assets primarily consist of computer equipment and office furniture and fixtures. At the end of 2021, the Authority’s capital asset balance totaled \$24,115 compared to \$32,274 as of December 31, 2020.

Debt

At year-end, the Authority’s debt consisted of a note payable to a financial institution used to finance the acquisition of certain parcels of land. Total debt outstanding at year end was \$469,865, as shown below:

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>	<u>Due in one year</u>
Note Payable	\$ -	\$474,611	\$ 4,746	\$469,865	\$ 18,985

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 Ms. Tara Titone, PO Box 148, Baton Rouge, Louisiana 70821.

BASIC FINANCIAL STATEMENTS

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE**

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 408,107	\$ 9,821	\$ 417,928
Due from governments and other receivables	514,880	10,334	525,214
Internal balances	234,266	(234,266)	-
Inventory - land acquisitions	-	6,605,863	6,605,863
Loans receivable, net	721,437	-	721,437
Prepays and other assets	19,983	6,975	26,958
Capital assets:			
Depreciable, net	24,115	-	24,115
Total assets	<u>\$ 1,922,788</u>	<u>\$ 6,398,727</u>	<u>\$ 8,321,515</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 58,994	\$ 28,995	\$ 87,989
Due to other governments	84,377	-	84,377
Line of credit	-	865,000	865,000
Unearned grant revenue	579,441	-	579,441
Long-term liabilities:			
Due within one year	-	18,985	18,985
Due in more than one year	-	450,880	450,880
Total liabilities	<u>722,812</u>	<u>1,363,860</u>	<u>2,086,672</u>
NET POSITION			
Investment in capital assets	24,115	-	24,115
Restricted for community development	-	1,500,340	1,500,340
Unrestricted	<u>1,175,861</u>	<u>3,534,527</u>	<u>4,710,388</u>
Total net position	<u>1,199,976</u>	<u>5,034,867</u>	<u>6,234,843</u>
Total liabilities and net position	<u>\$ 1,922,788</u>	<u>\$ 6,398,727</u>	<u>\$ 8,321,515</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, 2021

	<u>Program Revenues</u>			<u>Net Revenue (Expenses) and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs						
Primary government:						
Governmental activities:						
Community development	\$ 5,391,724	\$ 1,271,929	\$ 3,937,851	\$ (181,944)	\$ -	\$ (181,944)
Business-type activities:						
Real estate acquisition and land banking	150,478	124,010	87,500	-	61,032	61,032
Community Development Entity	55,497	-	-	-	(55,497)	(55,497)
Total business-type activities	<u>205,975</u>	<u>124,010</u>	<u>87,500</u>	<u>-</u>	<u>5,535</u>	<u>5,535</u>
Total primary government	<u>\$ 5,597,699</u>	<u>\$ 1,395,939</u>	<u>\$ 4,025,351</u>	<u>(181,944)</u>	<u>5,535</u>	<u>(176,409)</u>
General revenues:						
Interest income				126,638	30	126,668
Proceeds from sale of property				-	9,425	9,425
Total general revenues				<u>126,638</u>	<u>9,455</u>	<u>136,093</u>
Change in net position				(55,306)	14,990	(40,316)
Net position - beginning of year				<u>1,255,282</u>	<u>5,019,877</u>	<u>6,275,159</u>
Net position - end of year				<u>\$ 1,199,976</u>	<u>\$ 5,034,867</u>	<u>\$ 6,234,843</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

**BALANCE SHEET
GOVERNMENTAL FUNDS**

December 31, 2021

	<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>
ASSETS				
Cash and cash equivalents	\$ 408,107	\$ -	\$ -	\$ 408,107
Due from governments and other receivables	-	498,676	16,204	514,880
Due from other funds	739,608	-	84,377	823,985
Prepays and other	<u>18,662</u>	<u>1,321</u>	<u>-</u>	<u>19,983</u>
Total assets	<u>\$ 1,166,377</u>	<u>\$ 499,997</u>	<u>\$ 100,581</u>	<u>\$ 1,766,955</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 48,135	\$ 10,859	\$ -	\$ 58,994
Due to other governments	-	-	84,377	84,377
Due to other funds	84,377	489,138	16,204	589,719
Unearned revenue	<u>579,441</u>	<u>-</u>	<u>-</u>	<u>579,441</u>
Total liabilities	<u>711,953</u>	<u>499,997</u>	<u>100,581</u>	<u>1,312,531</u>
FUND BALANCE				
Nonspendable	18,662	-	-	18,662
Unassigned	<u>435,762</u>	<u>-</u>	<u>-</u>	<u>435,762</u>
Total fund balance	<u>454,424</u>	<u>-</u>	<u>-</u>	<u>454,424</u>
Total liabilities and fund balance	<u>\$ 1,166,377</u>	<u>\$ 499,997</u>	<u>\$ 100,581</u>	<u>\$ 1,766,955</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, 2021

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

Total fund balance - governmental fund (Exhibit A-2)	\$ 454,424
Loans receivables, net of allowance, are not reported on the fund basis.	721,437
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>24,115</u>
Net position of governmental activities (Exhibit A)	<u>\$ 1,199,976</u>

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

**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, 2021

	<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>
REVENUES				
Intergovernmental grants	\$ 825,000	\$ -	\$ -	\$ 825,000
Private grants	3,112,851	-	-	3,112,851
Charges for services	55,998	1,215,931	-	1,271,929
Loan repayments - principal & interest	-	-	28,169	28,169
Total revenues	<u>3,993,849</u>	<u>1,215,931</u>	<u>28,169</u>	<u>5,237,949</u>
EXPENDITURES				
Current function:				
Community development				
Salaries and benefits	635,641	473,713	-	1,109,354
Legal and professional	3,317,617	676,702	-	3,994,319
Supplies and other operating	57,521	37,685	-	95,206
Rent and utilities	20,881	27,534	-	48,415
CDE management	29,561	-	-	29,561
Travel and meetings	13,952	297	-	14,249
Total expenditures	<u>4,075,173</u>	<u>1,215,931</u>	<u>-</u>	<u>5,291,104</u>
Excess (deficiency) of revenues over expenditures	<u>(81,324)</u>	<u>-</u>	<u>28,169</u>	<u>(53,155)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,169	-	-	28,169
Transfers out	-	-	(28,169)	(28,169)
Total other financing sources (uses), net	<u>28,169</u>	<u>-</u>	<u>(28,169)</u>	<u>-</u>
Net change in fund balance	(53,155)	-	-	(53,155)
FUND BALANCE				
Beginning of year	<u>507,579</u>	<u>-</u>	<u>-</u>	<u>507,579</u>
End of year	<u>\$ 454,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454,424</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, 2021

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)	\$	(53,155)
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.		(10,681)
Governmental funds do not report a provision for loan losses or recovery of amounts previously allowed for receivables.		(92,461)
Governmental funds do not report interest income for loan balances.	126,638	
Difference between interest income reported on statement of activities and interest payments received and reported as revenue within the governmental funds.	<u>(17,488)</u>	109,150
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>(8,159)</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u><u>(55,306)</u></u>

Notes of Exhibit A-9 are an intergral 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, 2021

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 9,481	\$ 340	\$ 9,821
Accounts receivable	10,334	-	10,334
Inventory - land acquisitions	6,605,863	-	6,605,863
Due from other funds	284	-	284
Prepaid expense	<u>6,975</u>	<u>-</u>	<u>6,975</u>
Total assets	<u>\$ 6,632,937</u>	<u>\$ 340</u>	<u>\$ 6,633,277</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 28,995	\$ -	\$ 28,995
Due to other funds	234,550	-	234,550
Line of credit	865,000	-	865,000
Long-term liabilities - due within one year	<u>18,985</u>	<u>-</u>	<u>18,985</u>
Total current liabilities	1,147,530	-	1,147,530
Long-term liabilities - due in more than one year	<u>450,880</u>	<u>-</u>	<u>450,880</u>
Total liabilities	<u>1,598,410</u>	<u>-</u>	<u>1,598,410</u>
NET POSITION			
Restricted for community development	1,500,000	340	1,500,340
Unrestricted	<u>3,534,527</u>	<u>-</u>	<u>3,534,527</u>
Total net position	<u>5,034,527</u>	<u>340</u>	<u>5,034,867</u>
Total liabilities and net position	<u>\$ 6,632,937</u>	<u>\$ 340</u>	<u>\$ 6,633,277</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, 2021

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
OPERATING REVENUES			
Rental income	\$ 124,010	\$ -	\$ 124,010
Proceeds from sale of inventory	9,425	-	9,425
Interest	-	30	30
Total operating revenues	<u>133,435</u>	<u>30</u>	<u>133,465</u>
OPERATING EXPENSES			
Professional and legal services	98,711	55,497	154,208
Cost of inventory	15,150	-	15,150
Supplies and other operating	36,617	-	36,617
Total operating expenses	<u>150,478</u>	<u>55,497</u>	<u>205,975</u>
NONOPERATING REVENUES			
Grant revenue	<u>87,500</u>	-	<u>87,500</u>
Change in net position	70,457	(55,467)	14,990
NET POSITION			
Beginning of year	<u>4,964,070</u>	<u>55,807</u>	<u>5,019,877</u>
End of year	<u>\$ 5,034,527</u>	<u>\$ 340</u>	<u>\$ 5,034,867</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, 2021

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 123,728	\$ -	\$ 123,728
Payments for land acquisition	(698,581)	-	(698,581)
Other operating payments	(134,371)	(55,467)	(189,838)
Net cash used by operating activities	(709,224)	(55,467)	(764,691)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Grant proceeds	87,500	-	87,500
Proceeds from note payable	474,611	-	474,611
Payments on note payable	(4,746)	-	(4,746)
Increase in due to other funds	75,637	-	75,637
Net cash provided by noncapital and related financing activities	633,002	-	633,002
Net decrease in cash	(76,222)	(55,467)	(131,689)
CASH			
Beginning of period	85,703	55,807	141,510
End of period	\$ 9,481	\$ 340	\$ 9,821
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Net income (loss)	\$ (17,043)	\$ (55,467)	\$ (72,510)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Change in operating assets and liabilities:			
Increase in accounts receivable	(10,334)	-	(10,334)
Decrease in prepaid expenses	627	-	627
Increase in inventory	(698,581)	-	(698,581)
Decrease in accounts payable and accrued liabilities	16,107	-	16,107
Net cash used by operating activities	\$ (709,224)	\$ (55,467)	\$ (764,691)

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, 2021, 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.

Proprietary Fund Types:

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, 2021. The investments have no balances as of December 31, 2021.

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, 2021, an impairment loss has not been recognized.

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.

(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021.
- 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, 2021.
- 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 President and Chief Executive Officer. The Authority did not have any assigned fund balance at December 31, 2021.
- 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 capital assets and depreciation, the allowance for loan receivables, and grant and contract revenue and receivables.

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 28, 2022, 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, 2021.

(continued)

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation as of December 31, 2021, is as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 128,005	\$ -	\$ -	\$ 128,005
Computer software	<u>6,434</u>	<u>-</u>	<u>-</u>	<u>6,434</u>
Total capital assets being depreciated	<u>134,439</u>	<u>-</u>	<u>-</u>	<u>134,439</u>
Less accumulated depreciation for:				
Furniture and equipment	96,157	7,976	-	104,133
Computer software	<u>6,008</u>	<u>183</u>	<u>-</u>	<u>6,190</u>
Total accumulated depreciation	<u>102,165</u>	<u>8,159</u>	<u>-</u>	<u>110,323</u>
Total governmental capital assets, net	<u>\$ 32,274</u>	<u>\$ (8,159)</u>	<u>\$ -</u>	<u>\$ 24,115</u>

For the year ended December 31, 2021, depreciation expense was \$8,159 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, 2021, the balance owed on the line of credit was \$865,000.

NOTE 5 - NOTE PAYABLE

Business-type activities

On September 23, 2021, the Authority entered into an interest free note payable with a financial institution in the principal amount of \$474,611. The note payable is due in monthly principal payments of \$1,582, with a final balloon payment of \$381,271 due September 2026. The balance as of December 31, 2021, was \$469,865.

NOTE 5 - NOTE PAYABLE (CONTINUED)

Business-type activities (Continued)

The Authority entered into the note payable agreement to finance the acquisition of certain parcels of land (property), where the Authority will grant one or more mortgages encumbering the property. The note is collateralized by the underlying property, including any rents and proceeds from any insurance.

Future maturities of long-term debt as of December 31, 2021 are as follows:

Year ended <u>December 31,</u>	<u>Amount</u>
2022	\$ 18,985
2023	18,984
2024	18,984
2025	18,984
2026	393,928
	<u>\$ 469,865</u>

The following is a summary of long-term debt of the Authority's business-type activities:

	<u>December 31, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2021</u>	<u>Due in one year</u>
Note Payable	<u>\$ -</u>	<u>\$474,611</u>	<u>\$ 4,746</u>	<u>\$469,865</u>	<u>\$ 18,985</u>

NOTE 6 - 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. The future lease payment scheduled for 2022 is \$14,211. Lease expense for 2021 was \$17,198.

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 through December 2022. Accordingly, the Authority entered into contracts with vendors as part of this initiative. The remaining commitments on these contracts as of December 31, 2021, is \$703,500.

NOTE 7 - COMPENSATION OF THE BOARD OF COMMISSIONERS

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

NOTE 8 - 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, 2021, 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, 2021 consist of:

	Amount
Principal balances outstanding	\$ 2,356,513
Interest on principal balances	428,627
Allowance for uncollectable or forgiven amounts	(2,063,703)
Total loans outstanding, net	\$ 721,437

NOTE 9 - 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 2021 was as follows:

	Amount
Beginning balance	\$ 5,907,282
Cost incurred to acquire new properties and maintain existing properties	698,581
Ending balance	\$ 6,605,863

NOTE 10 - 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.

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, 2021, the Authority did not own any tax lien certificates.

NOTE 11 - AFFILIATED ORGANIZATION

On July 15, 2021, the Authority created the Cortana Corridor Economic Development District (the District) pursuant to Louisiana Revised Statute 33:4720.151. The District was created as a special taxing district and is considered a component unit of the City-Parish as the City-Parish appoints three of the five board members of the District, while the council member presiding over District 6 of the City-Parish (the City-Parish district covers the geographical region of the District) appoints the other two members. Additionally, the annual operating budget of the District is required to be approved by the City-Parish in conjunction with the City-Parish's legally adopted budget. As a result, the City-Parish can impose its will on the District.

NOTE 12 - 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>		
General Fund:		
MFA Fund	\$ 28,169	\$ -
MFA Fund:		
General Fund	-	28,169
Total	\$ 28,169	\$ 28,169

NOTE 13 - INTERFUND BALANCE

Interfund receivable and payable balances represent short-term borrowing between funds. The interfund balances of the primary government at December 31, 2021 were as follows:

Individual Fund	Receivable	Payable
Governmental-type activities:		
General Fund:		
MFA Fund	\$ 16,204	\$ 84,377
Land Bank Fund	234,550	-
OCD Fund	488,854	-
Total General Fund	739,608	84,377
OCD Fund:		
General Fund	-	488,854
Land Bank Fund	-	284
Total OCD Fund	-	489,138
MFA Fund:		
General Fund	84,377	16,204
Total governmental activities	823,985	589,719
Business-type activities:		
Land Bank Fund		
General Fund	-	234,550
OCD Fund	284	-
Total Land Bank Fund	284	234,550
Total primary government	\$ 824,269	\$ 824,269

NOTE 14 - DEVELOPMENT AGREEMENT

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's lease is with the Electric Depot which ends January 1, 2029. Monthly payments are \$10,300. Total rental income of approximately \$124,000 is recorded in the Land Banking Fund in 2021.

NOTE 15 - SUBSEQUENT EVENT

On May 19, 2022, the Authority entered into an Administrative Services Agreement with the District. The Authority will serve as the administrator for all services required to administer the business of the District in relation to handling of public funds, adherence to public oversight obligations, and accounting and records maintenance. The Authority will receive monthly compensation of \$2,000 for services provided. Additionally, the District will be required to pay project evaluation fees and project facilitation fees throughout the construction project to the Authority. These are contingent on the nature of services performed and amounts to be paid are negotiated on an as-needed basis with the District's Board of Commissioners.

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, 2021

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Intergovernmental grants	\$ 825,000	\$ 825,000	\$ 825,000	\$ -
Private grants	3,461,895	3,224,292	3,112,851	(111,441)
Charges for service	-	55,998	55,998	-
	<u>4,286,895</u>	<u>4,105,290</u>	<u>3,993,849</u>	<u>(111,441)</u>
EXPENDITURES				
Current function:				
Community development:				
Salaries and benefits	909,786	643,759	635,641	8,118
Legal and professional	3,289,000	3,319,102	3,317,617	1,485
Supplies and other operating expenses	163,253	139,009	57,521	81,488
CDE management fee	31,095	19,925	29,561	(9,636)
Rent and utilities	14,940	21,030	20,881	149
Travel and meeting	36,000	7,000	13,952	(6,952)
	<u>4,444,074</u>	<u>4,149,825</u>	<u>4,075,173</u>	<u>74,652</u>
Deficiency of revenues over expenditures	(157,179)	(44,535)	(81,324)	(36,789)
OTHER FINANCING SOURCES				
Transfers in	28,169	28,169	28,169	-
	<u>\$ (129,010)</u>	<u>\$ (16,366)</u>	<u>(53,155)</u>	<u>\$ (36,789)</u>
FUND BALANCE				
Beginning of year			<u>507,579</u>	
End of year			<u>\$ 454,424</u>	

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE
OFFICE OF COMMUNITY DEVELOPMENT (OCD) -
CDBG/ HOME FUND**

Baton Rouge, Louisiana

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

For the year ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Charges for services	\$ 2,223,470	\$ 1,234,685	\$ 1,215,931	\$ (18,754)
EXPENDITURES				
Current function:				
Community development:				
Legal and professional	1,327,709	695,640	676,702	18,938
Salaries and benefits	786,783	467,070	473,713	(6,643)
Supplies and other	62,423	40,610	37,685	2,925
Rent and utilities	31,555	31,065	27,534	3,531
Travel and meetings	15,000	300	297	3
Total expenditures	2,223,470	1,234,685	1,215,931	18,754
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE				
Beginning of year			-	
End of year			\$ -	

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, 2021

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 2021.

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, 2021.

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, 2021

Agency Head: Christopher Tyson, President and CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 188,923
Benefits - insurance	14,117
Benefits - retirement	10,325
Mileage allowance	6,000
Travel and lodging reimbursements	3,111
Cell phone allowance	1,200
Total	<u>\$ 223,676</u>

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,
D/B/A Build Baton Rouge
Baton Rouge, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, *Louisiana Governmental Audit Guide* 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 D/B/A BUILD BATON ROUGE (AUTHORITY)** as of and for the year ended December 31, 2021, 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 28, 2022.

Report on 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. 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 or significant deficiencies may exist that have not been identified.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 28, 2022

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE**

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

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: **None.**

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**

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

1) FINDINGS – FINANCIAL STATEMENTS

None.

2) FINDINGS – FEDERAL AWARDS AND QUESTIONED COSTS

None.

3) FINDINGS – NONCOMPLIANCE WITH STATE LAWS AND REGULATIONS

None.

**EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE**

Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

For the year ended December 31, 2021

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

This matter is considered resolved.

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

EAST BATON ROUGE REDEVELOPMENT AUTHORITY

D/B/A BUILD BATON ROUGE

Baton Rouge, Louisiana

For the year ended December 31, 2021



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
East Baton Rouge Redevelopment Authority
D/B/A Build Baton Rouge
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by **EAST BATON ROUGE REDEVELOPMENT AUTHORITY D/B/A BUILD BATON ROUGE** (the Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The Authority's management is responsible for those C/C areas identified in the SAUPs.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

Written Policies and Procedures:

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - b. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. ***Disbursements***, including processing, reviewing, and approving.

- d. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g. **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l. **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Board or Finance Committee:

- 2. Obtain and inspect the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe whether the managing board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
- c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Bank Reconciliations:

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections:

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a. Employees that are responsible for cash collections do not share cash drawers/registers.
 - b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a. Observe that receipts are sequentially pre-numbered.
 - b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c. Trace the deposit slip total to the actual deposit per the bank statement.
 - d. Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e. Trace the actual deposit per the bank statement to the general ledger.

Non-Payroll Disbursements (excluding credit card purchases, travel reimbursements, and petty cash purchases):

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b. At least two employees are involved in processing and approving payments to vendors.
 - c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- a. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b. Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased security.

Travel and Travel-Related Expense Reimbursement (excluding card transactions):

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts:

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
 - a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel:

- 16. Obtain a listing of employees and elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b. Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d. Observe the rate paid to the employees of officials agree to the authorized salary/pay rate found within the personnel file.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulate leave records, agree the pay rates to the employee and officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- 19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

Ethics:

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain ethics documentation from management, and:
 - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Debt Service:

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management’s representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Fraud Notice:

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management’s representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Information Technology Disaster Recovery/Business Continuity:

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
 - a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

- b. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Sexual Harassment:

- 26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
- 27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- 28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

EAST BATON ROUGE REDEVELOPMENT AUTHORITY
D/B/A BUILD BATON ROUGE
Baton Rouge, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended December 31, 2021

Exceptions:

No exceptions were found as a result of applying the procedures listed above, except as follows:

Written Policies and Procedures:

1 (i) (j) The Authority has a policy in place relating to ethics, however it does not meet the minimum requirements of the Statewide Agreed Upon Procedures as the policy does not state that the Authority will maintain documentation that demonstrates all employees are notified of changes or updates to the Authority's ethics policy. Additionally, the Authority does not have written policies and procedures that appropriately address debt service.

Collections:

7 (d) Of the three deposits selected for testing, none were deposited within one business day of receipt.

Ethics:

20 (b) The Authority did not have signature verification from any of the five selected employees that employed individuals read the entity's policy during the fiscal year.

Information Technology Disaster Recovery/Business Continuity:

25 We performed the procedure and discussed the results with management.

Management's response: Management agrees with the expectations noted above and will update policies for the 2022 fiscal year.

For 7 (d), The Authority's workforce was working remote during the period these deposits were made. A remote work policy was put in place to mitigate the spread and exposure of COVID-19 for the Authority's staff and members of the community. As a result, the Authority designated one day a week where authorized individuals would arrive to collect and deposit checks received between deposit dates. This matter is considered resolved as the Authority's workforce is no longer fully remote.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 28, 2022