



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

FINANCIAL STATEMENTS

December 31, 2024

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

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the **EAST BATON ROUGE REDEVELOPMENT AUTHORITY D/B/A BUILD BATON ROUGE** (the Authority) as of and for the year ended December 31, 2024, 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, each major fund, and the aggregate remaining fund information of the Authority, as of December 31, 2024, 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 (GAAS), the *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, the *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 GAAS, the *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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and other information on pages 4 through 10 and Exhibits B and B-1 on pages 39 and 40, respectively, 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.

Other 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 schedule of compensation, benefits and other payments to agency head on page 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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, schedule of compensation, benefits, and other payments to agency head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2025, 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.


Certified Public Accountants

Baton Rouge, Louisiana
June 23, 2025

**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, 2024. 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 2024, the Authority's governmental revenues remained similar to the prior year at \$1.2 million and the governmental expenses increased by 4% from the prior year. The increase in expenses was driven by funds spent on executive search services and increases in payroll. The business-type revenues increased 344% from the prior year, driven by the sale of the Smiley Heights land inventory, and the business-type expenses increased by 1100% due to increases in cost of goods sold related to the Smiley Heights sale and the inventory transfer which was as a result of a loan forgiveness.

The major financial highlights for 2024 are as follows:

Government-wide financial statements

- The Authority's total net position at year-end for the primary government was \$4.2 million.
- During 2024, expenditures exceeded revenues which resulted in a decrease to net position of approximately \$2.3 million for the primary government, which was primarily due to sale and transfers of land inventory related to Smiley Heights sale that occurred during the year.

Fund financial statements

- The Authority's General Fund operations reported an excess of revenues over expenditures of approximately \$79,000 for 2024. The General Fund's fund balance was approximately \$1.2 million as of December 31, 2024.

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, 2024, the Authority's net position was over \$4.2 million, of which \$4.1 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, 2024 and 2023
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 2,037	\$ 2,035	\$ 243	\$ 118	\$ 2,280	\$ 2,153
Internal balances	181	315	(181)	(315)	-	-
Inventory - land acquisitions	-	-	3,014	6,569	3,014	6,569
Loans receivable, net	294	305	-	-	294	305
Capital assets	127	163	-	-	127	163
Total assets	<u>\$ 2,639</u>	<u>\$ 2,818</u>	<u>\$ 3,076</u>	<u>\$ 6,372</u>	<u>\$ 5,715</u>	<u>\$ 9,190</u>
Current liabilities	\$ 54	\$ 82	\$ 15	\$ 889	\$ 69	\$ 971
Due to other governments	-	84	-	66	-	150
Unearned revenue	968	1,068	-	-	968	1,068
Long-term liabilities	96	148	410	430	506	578
Total liabilities	<u>1,118</u>	<u>1,382</u>	<u>425</u>	<u>1,385</u>	<u>1,543</u>	<u>2,767</u>
Net position						
Net investment in capital assets	31	14	-	-	31	14
Restricted	-	-	-	1,500	-	1,500
Unrestricted	1,490	1,422	2,651	3,487	4,141	4,909
Total net position	<u>1,521</u>	<u>1,436</u>	<u>2,651</u>	<u>4,987</u>	<u>4,172</u>	<u>6,423</u>
Total liabilities and net position	<u>\$ 2,639</u>	<u>\$ 2,818</u>	<u>\$ 3,076</u>	<u>\$ 6,372</u>	<u>\$ 5,715</u>	<u>\$ 9,190</u>

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 acquisition inventory which, when transferred or sold, can be recycled into other redevelopment activities, or used for operations, depending on the assets' initial funding source constraints.

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

Net position of the Authority's governmental activities increased by 6%, or \$85,000 during 2024. 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 \$1.5 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 decreased by \$2.3 million, during 2024.

The results of 2024 and 2023 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, 2024 and 2023
(in thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Charges for services	\$ 98	\$ 66	\$ 1,276	\$ 222	\$ 1,374	\$ 288
Grants and contributions	935	988	75	82	1,010	1,070
Other	140	137	-	-	140	137
Total revenues	1,173	1,191	1,351	304	2,524	1,495
Community Development Function Expenses:						
Payroll and benefits	413	395	-	-	413	395
Legal and professional	343	327	113	76	456	403
Provision for uncollectible loans	122	119	-	-	122	119
Cost of land inventory sold	-	-	3,553	164	3,553	164
Facilities, supplies, and other	151	157	80	73	231	230
Total expenses	1,029	998	3,746	313	4,775	1,311
Net position before transfers	144	193	(2,395)	(9)	(2,251)	184
Transfers in	-	-	59	-	59	-
Transfers out	(59)	-	-	-	(59)	-
Change in net position	85	193	(2,336)	(9)	(2,251)	184
Beginning net position	1,436	1,243	4,987	4,996	6,423	6,239
Ending net position	\$ 1,521	\$ 1,436	\$ 2,651	\$ 4,987	\$ 4,172	\$ 6,423

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.
- The Mortgage Finance Authority (MFA) and Office of Community Development (OCD) funds are considered to be special revenue funds, and account for the receipt and expenditures of grant programs funds which are restricted for certain programs or projects.

Proprietary Fund Types

- Land Acquisition Program Fund - an enterprise fund which accounts for all of the activity of acquiring property and placing that property into viable developments. This fund is considered to be a proprietary fund type, meaning, the cost of its activities are funded through rental income and grant revenues.
- Community Development Entity, LLC (CDE) - an enterprise funds which accounts for all the activity of the CDE, a blended component unit of the Authority. This funds is 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 2024, its General Fund reported a fund balance of \$1.2 million.

The General Fund experienced a net increase in fund balance of approximately \$79,000 in 2024. Revenues of the governmental funds did not experience a significant change compared to the 2023 fiscal year as revenues related to private grant monies earned from the Advancing Cities grant were similar to 2023 as well as funding received from the City-Parish of East Baton Rouge. The while revenue was steady; expenses increased slightly due to increased personnel and hiring costs.

The General Fund's operating results compared to budget are presented on page 38. 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, office furniture and fixtures, and right-of-use assets. At the end of 2024, the Authority's capital asset balance totaled \$127,400 compared to \$162,600 as of December 31, 2023.

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 and lease liabilities. Total debt outstanding at year end was \$506,000, as shown below:

	<u>December 31, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2024</u>	<u>Due in one year</u>
Note Payable	\$ 430,314	\$ -	\$ 20,567	\$ 409,747	\$ 18,985
Lease Liability	<u>148,447</u>	<u>-</u>	<u>52,217</u>	<u>96,230</u>	<u>56,503</u>
	<u>\$ 578,761</u>	<u>\$ -</u>	<u>\$ 72,784</u>	<u>\$ 505,977</u>	<u>\$ 75,488</u>

(continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Authority has been instrumental in the furtherance of significant development projects and programs in previous 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 funds it receives. If you have questions about this report or need additional financial information, contact Deidre Robert, President and CEO, at 725 Main Street, Baton Rouge, Louisiana 70801.

BASIC FINANCIAL STATEMENTS

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

Baton Rouge, Louisiana

STATEMENT OF NET POSITION

December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,993,599	\$ 224,877	\$ 2,218,476
Due from governments	30,450	-	30,450
Internal balances	180,872	(180,872)	-
Loans receivable, net	294,360	-	294,360
Prepays and other assets	12,878	18,048	30,926
Inventory - land acquisitions	-	3,014,032	3,014,032
Capital assets:			
Depreciable, net	36,433	-	36,433
Right-of-use leased asset, net	90,929	-	90,929
Total assets	<u>\$ 2,639,521</u>	<u>\$ 3,076,085</u>	<u>\$ 5,715,606</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 53,686	\$ 15,731	\$ 69,417
Unearned grant revenue	967,996	-	967,996
Long-term liabilities:			
Due within one year	56,503	18,985	75,488
Due in more than one year	39,727	390,762	430,489
Total liabilities	<u>1,117,912</u>	<u>425,478</u>	<u>1,543,390</u>
NET POSITION			
Net investment in capital assets	31,132	-	31,132
Restricted for community development	-	341	341
Unrestricted	1,490,477	2,650,266	4,140,743
Total net position	<u>1,521,609</u>	<u>2,650,607</u>	<u>4,172,216</u>
Total liabilities and net position	<u>\$ 2,639,521</u>	<u>\$ 3,076,085</u>	<u>\$ 5,715,606</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, 2024

	Program Revenues			Net Revenue (Expenses) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Primary government:						
Governmental activities:						
Community development	\$ 1,028,978	\$ 98,065	\$ 935,357	\$ 4,444	\$ -	\$ 4,444
Business-type activities:						
Real estate acquisition and land banking	<u>3,746,241</u>	<u>1,276,103</u>	<u>75,000</u>	<u>-</u>	<u>(2,395,138)</u>	<u>(2,395,138)</u>
Total primary government	<u>\$ 4,775,219</u>	<u>\$ 1,374,168</u>	<u>\$ 1,010,357</u>	4,444	(2,395,138)	(2,390,694)
General revenues:						
Interest income				139,961	-	139,961
Transfers, net				<u>(58,654)</u>	<u>58,654</u>	<u>-</u>
Total general revenues				<u>81,307</u>	<u>58,654</u>	<u>139,961</u>
Change in net position				85,751	(2,336,484)	(2,250,733)
Net position - beginning of year				<u>1,435,858</u>	<u>4,987,091</u>	<u>6,422,949</u>
Net position - end of year				<u>\$ 1,521,609</u>	<u>\$ 2,650,607</u>	<u>\$ 4,172,216</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, 2024

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	OCD Fund	MFA Fund	
ASSETS				
Cash and cash equivalents	\$ 1,504,769	\$ 482,518	\$ 6,312	\$ 1,993,599
Due from governments and other receivables	30,450	-	-	30,450
Due from other funds	669,702	-	-	669,702
Prepays and other	12,878	-	-	12,878
Total assets	<u>\$ 2,217,799</u>	<u>\$ 482,518</u>	<u>\$ 6,312</u>	<u>\$ 2,706,629</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 53,686	\$ -	\$ -	\$ 53,686
Due to other funds	-	482,518	6,312	488,830
Unearned grant revenue	967,996	-	-	967,996
Total liabilities	<u>1,021,682</u>	<u>482,518</u>	<u>6,312</u>	<u>1,510,512</u>
FUND BALANCE				
Nonspendable	12,878	-	-	12,878
Unassigned	<u>1,183,239</u>	<u>-</u>	<u>-</u>	<u>1,183,239</u>
Total fund balance	<u>1,196,117</u>	<u>-</u>	<u>-</u>	<u>1,196,117</u>
Total liabilities and fund balance	<u>\$ 2,217,799</u>	<u>\$ 482,518</u>	<u>\$ 6,312</u>	<u>\$ 2,706,629</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, 2024

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

Total fund balance - governmental fund (Exhibit A-2)	\$ 1,196,117
Loans receivables, net of allowance, are not reported on the fund basis.	294,360
Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds, net of accumulated depreciation.	127,362
Long-term liabilities (e.g. leases), are not due and payable in the current period and, therefore, are not reported in the governmental funds, excluding internal service fund amounts.	
Lease liability	<u>(96,230)</u>
Net position of governmental activities (Exhibit A)	<u><u>\$ 1,521,609</u></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, EXPENDITURES, AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**

For the year ended December 31, 2024

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	OCD Fund	MFA Fund	
REVENUES				
Intergovernmental grants	\$ 883,654	\$ -	\$ -	\$ 883,654
Private grants	51,703	-	-	51,703
Charges for services	98,065	-	-	98,065
Loan repayments - principal & interest	-	-	28,169	28,169
Total revenues	1,033,422	-	28,169	1,061,591
EXPENDITURES				
Current function:				
Community development:				
Salaries and benefits	412,999	-	-	412,999
Legal and professional	343,763	-	-	343,763
Supplies and other operating	77,284	-	-	77,284
Rent and utilities	3,415	-	-	3,415
Travel and meetings	2,647	-	-	2,647
Debt service:				
Principal	52,217	-	-	52,217
Interest	5,234	-	-	5,234
Capital outlay	26,434	-	-	26,434
Total expenditures	923,993	-	-	923,993
Excess of revenues over expenditures	109,429	-	28,169	137,598
OTHER FINANCING SOURCES (USES)				
Transfers in	28,169	-	-	28,169
Transfers out	(58,654)	-	(28,169)	(86,823)
Total other financing sources (uses), net	(30,485)	-	(28,169)	(58,654)
Net change in fund balance	78,944	-	-	78,944
FUND BALANCE				
Beginning of year	1,117,173	-	-	1,117,173
End of year	\$ 1,196,117	\$ -	\$ -	\$ 1,196,117

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, 2024

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)	\$	78,944
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.		(12,047)
The governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense.		
depreciation expense.		
Capital outlay	26,434	
Depreciation and amortization expense	<u>(61,636)</u>	(35,202)
The issuance of long-term debt (e.g. leases) provides current financial resources to governmental funds. In the statement of net position, however, issuing debt increase long-term liabilities and does not effect the statement of activities. Similarly, payment of principal is an expenditure in the government funds but reduces the liability in the statement of activities		
Principal payments on lease liabilities		52,217
Governmental funds do not report the changes in the provision for loan losses or recovery of amounts previously allowed for receivables.		(122,000)
Governmental funds do not report interest income for loan balances.		
Difference between interest income reported on statement of activities and interest payments received and reported as revenue within the governmental funds related to loans receivable.		<u>123,839</u>
Change in net position of governmental activities (Exhibit A-1)	\$	<u>85,751</u>

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

Baton Rouge, Louisiana

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2024

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 224,536	\$ 341	\$ 224,877
Inventory - land acquisitions	3,014,032	-	3,014,032
Due from other funds	284	-	284
Prepays and other assets	18,048	-	18,048
Total assets	<u>\$ 3,256,900</u>	<u>\$ 341</u>	<u>\$ 3,257,241</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 15,731	\$ -	\$ 15,731
Due to other funds	181,156	-	181,156
Due to other governments	-	-	-
Long-term liabilities - due within one year	18,985	-	18,985
Total current liabilities	215,872	-	215,872
Long-term liabilities - due in more than one year	390,762	-	390,762
Total liabilities	<u>606,634</u>	<u>-</u>	<u>606,634</u>
NET POSITION			
Restricted for community development	-	341	341
Unrestricted	<u>2,650,266</u>	<u>-</u>	<u>2,650,266</u>
Total net position	<u>2,650,266</u>	<u>341</u>	<u>2,650,607</u>
Total liabilities and net position	<u>\$ 3,256,900</u>	<u>\$ 341</u>	<u>\$ 3,257,241</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, 2024

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
OPERATING REVENUES			
Rental income	\$ 124,010	\$ -	\$ 124,010
Sale of land acquisition inventory	<u>1,152,093</u>	<u>-</u>	<u>1,152,093</u>
Total operating revenues	<u>1,276,103</u>	<u>-</u>	<u>1,276,103</u>
OPERATING EXPENSES			
Cost of land acquisition inventory sold	3,553,167	-	3,553,167
Professional and legal services	113,007	-	113,007
Supplies and other operating	<u>48,350</u>	<u>-</u>	<u>48,350</u>
Total operating expenses	<u>3,714,524</u>	<u>-</u>	<u>3,714,524</u>
Operating loss	<u>(2,438,421)</u>	<u>-</u>	<u>(2,438,421)</u>
NONOPERATING			
Grant revenue	75,000	-	75,000
Transfers in	58,654	-	58,654
Interest expense	<u>(31,717)</u>	<u>-</u>	<u>(31,717)</u>
Total nonoperating	<u>101,937</u>	<u>-</u>	<u>101,937</u>
Change in net position	<u>(2,336,484)</u>	<u>-</u>	<u>(2,336,484)</u>
NET POSITION			
Beginning of year	<u>4,986,750</u>	<u>341</u>	<u>4,987,091</u>
End of year	<u><u>\$ 2,650,266</u></u>	<u><u>\$ 341</u></u>	<u><u>\$ 2,650,607</u></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, 2024

	Land Acquisition Program	East Baton Rouge Community Development Entity, LLC	Total
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 1,276,103	\$ -	\$ 1,276,103
Payments for land inventory improvements	(8,748)	-	(8,748)
Payments for operations	(1,060,722)	-	(1,060,722)
Net cash provided by operating activities	206,633	-	206,633
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Operating grants	75,000	-	75,000
Interest expense	(31,717)	-	(31,717)
Payments on note payable	(20,567)	-	(20,567)
Transfers in from other funds	58,654	-	58,654
Increase in due to other funds	(133,654)	-	(133,654)
Net cash used by noncapital and related financing activities	(52,284)	-	(52,284)
Net increase in cash	154,349	-	154,349
CASH			
Beginning of period	70,187	341	70,528
End of period	\$ 224,536	\$ 341	\$ 224,877
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating loss	\$ (2,438,421)	\$ -	\$ (2,438,421)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Change in operating assets and liabilities:			
Decrease in inventory - land acquisitions	2,690,301	-	2,690,301
Decrease in prepaid expenses	28,277	-	28,277
Decrease in due to other governments	(66,234)	-	(66,234)
Decrease in accounts payable and accrued liabilities	(7,290)	-	(7,290)
Net cash provided by operating activities	\$ 206,633	\$ -	\$ 206,633
NONCASH FINANCING ACTIVITIES:			
Forgiveness of line of credit liability through transfer of collateralized inventory - land acquisitions	\$ 865,000	\$ -	\$ 865,000

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The Authority, as 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.

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 CDE did not have any activity during the 2024 fiscal year.

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 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 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, 2024, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements (Continued)

Proprietary Fund Types (Continued):

The enterprise fund reported as two major funds in the fund financial statements is 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.

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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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 sixty-days after year end for governmental fund types.

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, 2024. The investments have no balance as of December 31, 2024.

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 to the Authority. As of December 31, 2024, 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.

Capital Assets

Purchased or constructed capital assets are recorded at cost. Donated capital assets are recorded at their acquisition 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Right-of-Use Assets

Right of use assets are a result of leases in which the Authority has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange-like transaction. Such assets are reported as operating or finance lease assets and liabilities on the statement of net position, net of amortization. Right of use assets are amortized at the lesser of the useful life or lease term.

Government-wide and Proprietary Fund Net Position

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

- Net 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, 2024.
- 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, 2024.
- 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, 2024.
- Unassigned – all amounts not included in other spendable classifications.

Use of Restricted Resources

When an expenditure 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.

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 beginning 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, valuation of land inventory, right-of-use assets and amortization, prepaid expenses, 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, and the development and maintenance of blighted or adjudicated properties after acquisition. Donated property is recorded at acquisition value. 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.

Right-of-Use Assets - Leases

Right-of-use assets are a result of leases in which the Authority has entered into a contract with a lessor that conveys control of the right to use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization. Right-of-use assets are amortized at the lesser of the useful life or lease term.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government-wide financial statement net of amortization as subscription assets. SBITAs are amortized during the extent of the agreement. The Authority has not entered into any material agreements gaining control of the right to use another party's information technology as described above at December 31, 2024.

Current Accounting Standards Implemented

Compensated Absences

Effective January 1, 2024, the Authority implemented policies under GASB Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. In addition, this Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. This statement has no impact on the Authority's financial statements at December 31, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Current Accounting Standards Implemented (Continued)

Accounting Changes and Error Corrections

During the fiscal year, the Authority implemented policies under GASB Statement No. 100, *Accounting Changes and Error Corrections*, which is an amendment of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement requires that changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The impact of this statement had no effect on the financial statements for the year ended December 31, 2024.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through June 23, 2025, 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 bank balance of cash and cash equivalents held at financial institutions was \$2,226,319 with a carrying balance of \$2,218,476 at December 31, 2024. The Authority had no exposure to custodial credit risk at December 31, 2024.

(Continued)

NOTE 3 - CAPITAL ASSETS

Capital assets and depreciation as of December 31, 2024, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Furniture and equipment	\$ 129,573	\$ 26,434	\$ -	\$ 156,007
Computer software	6,432	-	-	6,432
Total capital assets being depreciated	<u>136,005</u>	<u>26,434</u>	<u>-</u>	<u>162,439</u>
Less accumulated depreciation for:				
Furniture and equipment	112,555	7,079	-	119,634
Computer software	6,372	-	-	6,372
Total accumulated depreciation	<u>118,927</u>	<u>7,079</u>	<u>-</u>	<u>126,006</u>
Total governmental capital assets, net	<u>\$ 17,078</u>	<u>\$ 19,355</u>	<u>\$ -</u>	<u>\$ 36,433</u>

For the year ended December 31, 2024, depreciation expense was \$7,079 and is reported in the Statement of Activities under the Governmental Activities within the community development function.

NOTE 4 - RIGHT-OF-USE ASSET - LEASES

The Authority has a right-of-use leased asset for an office space through an operating lease. The lease is paid in monthly installments of \$4,671 for the first year, \$4,904 for second year, and \$5,051 for the remaining term. The carrying liability is recorded at the present value of the future lease payments using a weighted-average discount rate equal to the U.S. Treasury Rate (4.56%) as of the respective date in which the initial valuation of the liabilities were recorded. The lease is set to mature in August 2026. The lease contains a renewal option for two additional terms of one year each.

The Authority has an operating lease liability of \$96,230 as of December 31, 2023, with \$56,503 maturing within the next year. The Authority incurred \$54,557 of amortization expense related to right-of-use leased asset in the year ended December 31, 2024.

NOTE 4 - RIGHT-OF-USE ASSET - LEASES (CONTINUED)

	December 31, 2023	Increases	Decreases	December 31, 2024	Amounts Due Within One Year
Right-of-use lease asset	\$ 172,765	\$ -	\$ -	\$ 172,765	
Less:					
Accumulated amortization	<u>27,279</u>	<u>54,557</u>	<u>-</u>	<u>81,836</u>	
Total lease asset, net	<u>\$ 145,486</u>	<u>\$ (54,557)</u>	<u>\$ -</u>	<u>\$ 90,929</u>	
Lease liability	<u>\$ 148,447</u>	<u>\$ -</u>	<u>\$ 52,217</u>	<u>\$ 96,230</u>	<u>\$ 56,503</u>

Future maturities of the lease liability as of December 31, 2024 is as follows:

Year ending December 31,	Principal	Interest	Total Payments
2025	\$ 56,503	\$ 3,227	\$ 59,730
2026	<u>39,727</u>	<u>682</u>	<u>40,409</u>
Total	<u>\$ 96,230</u>	<u>\$ 3,909</u>	<u>\$ 100,139</u>

NOTE 5 - 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.

NOTE 5 - LINE OF CREDIT (CONTINUED)

On November 18, 2024, the Authority, through a resolution of its Board of Commissioners, entered a *Dation En Paiement* and Act of Cancellation with CAFA whereby the title of the underlying properties collateralizing the line of credit were transferred to CAFA for the cancellation of the outstanding balances owed on the line of credit. The total principal balance that was reduced as a result of this transaction was \$865,000. The total carrying cost of these properties at the time of this transaction was approximately \$1,162,900, which is presented within cost of land acquisition inventory sold on the statement of revenues, expenses, and changes in net position for the Land Acquisition Program Fund for the year ended December 31, 2024. There was no outstanding balance on this line of credit at December 31, 2024.

NOTE 6 - LONG-TERM LIABILITIES

Governmental activities

Long-term liabilities for governmental activities relates to lease liabilities. See Note 4.

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, 2024, was \$409,747. 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.

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

	December 31, 2023	Additions	Deletions	December 31, 2024	Due in one year
Note Payable	\$ 430,314	\$ -	\$ 20,567	\$ 409,747	\$ 18,985

Future maturities of long-liabilities for business-type activities as of December 31, 2024, are as follows:

Year ended December 31,	Amount
2025	\$ 18,985
2026	390,762
	<u>\$ 409,747</u>

NOTE 6 - LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of long-term liabilities for the Authority's primary government:

	December 31, 2023	Additions	Deletions	December 31, 2024	Due in one year
Note Payable	\$ 430,314	\$ -	\$ 20,567	\$ 409,747	\$ 18,985
Lease Liability	148,447	-	52,217	96,230	56,503
	<u>\$ 578,761</u>	<u>\$ -</u>	<u>\$ 72,784</u>	<u>\$ 505,977</u>	<u>\$ 75,488</u>

NOTE 7 - COMMITMENTS AND CONTINGENCY

Advancing Cities Contracts

The Authority was awarded a \$5,000,000 contract from JPMorgan Chase Foundation for the Plank Road Corridor Masterplan Implementation to be paid in installments through March 2026. Accordingly, the Authority entered into contracts with vendors as part of this initiative. The remaining commitments on these contracts as of December 31, 2024, is \$526,650 and is reported under unearned grant revenue in the statement of net position and governmental funds balance sheet.

Cooperative Endeavor Agreement

The Authority entered into a cooperative endeavor agreement with the State of Louisiana for the purpose of predevelopment activities for a community-centered real estate development project for the Scotlandville Community Development Corporation. The Authority received \$500,000 under this agreement during the 2022 fiscal year. As of December 31, 2024, \$58,654 in expenditures have been incurred under this agreement and the remaining funds of \$441,346 are reported under unearned grant revenue in the statement of net position and governmental funds balance sheet.

NOTE 8 - COMPENSATION OF GOVERNING BOARD

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

NOTE 9 - 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, 2024, the Authority had four loans outstanding to borrowers under active lending agreements.

**NOTE 9 - GAP FINANCING AND RENTAL REHABILITATION LOANS RECEIVABLE
(CONTINUED)**

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, 2024 consist of:

	<u>Amount</u>
Principal balances outstanding	\$ 2,665,020
Interest on principal balances	443,316
Allowance for uncollectable or forgiven amounts	<u>(2,813,976)</u>
Total loans outstanding, net	<u>\$ 294,360</u>

NOTE 10 - 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, such as lawn maintenance, are expensed as incurred.

Activity of land banking inventory during 2024 was as follows:

	Amount
Beginning balance	\$ 6,569,333
Disposal of land inventory	(3,564,049)
Cost incurred to acquire new and maintain existing properties	<u>8,748</u>
Ending balance	<u>\$ 3,014,032</u>

Smiley Heights

On July 25, 2024, the Authority, through a resolution of its Board of Commissioners, entered into a Cooperative Endeavour Agreement with the City Parish of East Baton Rouge (City-Parish), through its Office of Community Development, and the East Baton Rouge Parish Housing Authority (EBRPHA) for the transfer and conveyance of certain property owned by the Authority, referred to as Smiley Heights (the Property).

NOTE 10 - LAND BANKING INVENTORY (CONTINUED)

Smiley Heights (Continued)

The Property was originally acquired by the Authority in 2012 for approximately \$1,960,000, which was funded by the Louisiana Office of Community Development (LAOCD), through the City-Parish, in an amount of \$1,500,000, and remaining amounts funded by the Authority. The initial purpose for the acquisition of the Property was for the Authority to assist in redeveloping the Property through development of affordable housing, mixed-use retail, and schools.

As part of the Cooperative Endeavour Agreement with EBRPHA, EBRPHA committed to construct approximately \$75,000,000 of improvements servicing mixed income housing (approximately 150-200 units), maintaining the Property, and other redevelopment activities outlined in the agreement.

The cash consideration for the transfer and conveyance of the Property was approximately \$1,152,093. Terms of the transfer and conveyance required the Authority to remit certain proceeds from the sale to the Louisiana Office of Community Development as a recoupment of initial funds, totaling approximately \$920,351, where net proceeds received by the Authority was approximately \$231,742. The total accumulated cost of the Property at the time of this transaction was approximately \$2,401,197, which is presented within cost of land acquisition inventory sold on the statement of revenues, expenses, and changes in net position for the Land Acquisition Program Fund for the year ended December 31, 2024. The net loss for the transfer and conveyance of the Property was approximately \$2,169,455. The net loss in asset value of \$2,169,455 is viewed by the Authority as an investment in the Ardendale Choice Neighborhood Initiative in partnership with EBRPHA, and investment which furthers the Authority's goal to develop mixed income housing in East Baton Rouge Parish.

NOTE 11 - 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, 2024, the Authority did not own any tax lien certificates.

NOTE 12 - AFFILIATED ORGANIZATIONS

Cortana Corrdior Economic Development District

On July 15, 2021, the Authority created the Cortana Corridor Economic Development District (the District) pursuant to Louisiana Revised Statue 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.

NOTE 12 - AFFILIATED ORGANIZATIONS (CONTINUED)

Cortana Corrdior Economic Development District (Continued)

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. In May 2022, the Authority entered into an agreement with the District to perform administrative services on their behalf. This agreement compensates the Authority \$2,000 monthly per month plus third-party costs, fees, and expenses.

In addition to performing administrative services, the Authority also manages the Master Plan for the Cortana Corridor on behalf of the District. According to the terms of the agreement, the Authority is compensated \$18,000 from the District, on a quarterly basis, beginning June 2023. On October 14, 2024, this agreement was amended to be extended through December 31, 2025 for a monthly fee of \$7,350 following the completion of the original term. At December 31, 2024, the Authority is owed \$30,450 from the District related to administrative and management fees.

Plank Road Community Land Bank and Trust

On April 5, 2023, Plank Road CLBT, Inc. ("Plank Road Community Land Bank and Trust", or "CLBT") was formed, which is a 501(c)(3) nonprofit that will work with the Authority to implement its Plank Road Corridor Masterplan and as part of the Advancing Cities Grant described in Note 7. At least one member of CLBT's Board shall, at all times, be a member from the Authority's Board of Commissioners. The CLBT's mission is to bring people and resources together to promote equitable investment, innovative development, and thriving communities across all of Baton Rouge. No transactions occurred during 2024.

NOTE 13 - CONCENTRATIONS

City-Parish Funding

The Authority received \$900,000 from the City-Parish during the year ended December 31, 2024, of which \$825,000 and \$75,000 was reflected as intergovernmental and operating grants in the General Fund and Land Acquisition Program Fund, respectively. This funding represented 80% of the General Fund's revenues for 2024. Any substantial reduction to this funding could have a negative impact on the Authority's General Fund's operations.

NOTE 14 - INTERFUND TRANSFERS

Transfers were made from the MFA Fund to the General Fund to provide for operating costs approved by the budget. Amounts transferred from the General Fund to the Land Acquisition Program Fund were for reimbursements of expenditures related to the Scotlandville Community Development Corporation Cooperative Endeavour Agreement.

	<u>Transfer In</u>	<u>Transfer Out</u>
<i>Governmental Activities</i>		
General Fund:		
MFA Fund	\$ 28,169	\$ -
Land Acquisition Program Fund	<u>-</u>	<u>58,654</u>
Total General Fund	<u>28,169</u>	<u>58,654</u>
MFA Fund:		
General Fund	<u>-</u>	<u>28,169</u>
Total Governmental Activities	<u>\$ 28,169</u>	<u>\$ 86,823</u>
<i>Business-Type Activities</i>		
Land Acquisition Program Fund:		
General Fund	<u>\$ 58,654</u>	<u>\$ -</u>
Total	<u><u>\$ 86,823</u></u>	<u><u>\$ 86,823</u></u>

NOTE 15 - INTERFUND BALANCES

Interfund receivable and payable balances represent short-term borrowings between funds. The interfund balances of the primary government at December 31, 2024 were as follows:

Individual Fund	Receivable	Payable
Governmental-type activities:		
General Fund:		
MFA Fund	\$ 6,312	\$ -
Land Bank Fund	181,156	-
OCD Fund	482,234	-
Total General Fund	669,702	-
OCD Fund:		
General Fund	-	482,234
Land Bank Fund	-	284
Total OCD Fund	-	482,518
MFA Fund:		
General Fund	-	6,312
Total governmental activities	669,702	488,830
Business-type activities:		
Land Bank Fund		
General Fund	-	181,156
OCD Fund	284	-
Total Land Bank Fund	284	181,156
Total primary government	<u>\$ 669,986</u>	<u>\$ 669,986</u>

NOTE 16 - 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 with the Company expires January 1, 2029. Monthly payments are \$10,334 and rental income of approximately \$124,010 is recorded in the Land Banking Fund for the year ended December 31, 2024.

NOTE 17 - EXPENDITURES EXCEEDING APPROPRIATIONS

Excess expenditures over appropriations for the General Fund, under debt service, for principal and interest expenditures, was \$52,217 and \$5,234, respectively.

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, 2024

	Original Budget	Final Budget	Actual	Variance - positive (negative)
REVENUES				
Intergovernmental grants	\$ 825,000	\$ 825,000	883,654	\$ 58,654
Private grants	-	-	51,703	51,703
Charges for services	<u>78,000</u>	<u>78,000</u>	<u>98,065</u>	<u>20,065</u>
Total revenues	<u>903,000</u>	<u>903,000</u>	<u>1,033,422</u>	<u>130,422</u>
EXPENDITURES				
Current function:				
Community development:				
Salaries and benefits	751,380	751,182	412,999	338,183
Legal and professional	372,000	372,000	343,763	28,237
Supplies and other operating	84,599	84,599	77,284	7,315
Rent and utilities	65,655	65,655	3,415	62,240
Travel and meetings	6,000	6,000	2,647	3,353
Debt service:				
Principal	-	-	52,217	(52,217)
Interest	-	-	5,234	(5,234)
Capital outlay	<u>28,557</u>	<u>28,557</u>	<u>26,434</u>	<u>2,123</u>
Total expenditures	<u>1,308,191</u>	<u>1,307,993</u>	<u>923,993</u>	<u>384,000</u>
Excess (deficiency) of revenues over expenditures	(405,191)	(404,993)	109,429	(253,578)
OTHER FINANCING SOURCES				
Transfers in	28,164	28,164	28,169	5
Transfers out	<u>-</u>	<u>-</u>	<u>(58,654)</u>	<u>(58,654)</u>
Total other financing sources (uses)	<u>28,164</u>	<u>28,164</u>	<u>(30,485)</u>	<u>(58,649)</u>
Net change in fund balance	<u>\$ (377,027)</u>	<u>\$ (376,829)</u>	78,944	<u>\$ (312,227)</u>
FUND BALANCE				
Beginning of year			<u>1,117,173</u>	
End of year			<u>\$ 1,196,117</u>	

The notes to required supplementary information are an integral part of this schedule.

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, 2024

NOTE 1 - BUDGETS

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 beginning 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.

NOTE 2 - EXPENDITURES EXCEEDING APPROPRIATIONS

Excess expenditures over appropriations for the General Fund, under debt service, for principal and interest expenditures, were \$52,217 and \$5,234, respectively.

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, 2024

Agency Head: Gretchen Siemers, Chief Operating Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 178,336
Benefits - retirement	22,717
Benefits - insurance	12,555
Cell phone allowance	<u>1,140</u>
Total	<u>\$ 214,748</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 the auditing standards generally accepted in the United States of America, the *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, each major fund, and the aggregate remaining fund information of the **EAST BATON ROUGE REDEVELOPMENT AUTHORITY D/B/A BUILD BATON ROUGE (the Authority)** as of and for the year ended December 31, 2024, 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 23, 2025.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-002 to be a significant deficiency.

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 financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2024-003.

The Authority's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Authority'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 Authority'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 Louisiana Legislative Auditor as a public document.


Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
June 23, 2025

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

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended December 31, 2024

1) Summary of Auditors' 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: **2024-002.**

C) Material weaknesses: **2024-001.**

D) Noncompliance which is material to the financial statements: **None.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **2024-001, 2024-002, and 2024-003.**

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

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RESPONSES

3) FINDINGS – FINANCIAL STATEMENT AUDIT AND COMPLIANCE

2024-001 Internal Controls over Financial Reporting

Fiscal Year Finding Originated: 2024

Criteria: The Authority's management is responsible for establishing and maintaining adequate internal controls over financial reporting to ensure the financial statements are free from material misstatements.

Condition: During our audit of the financial statements for the year ended December 31, 2024, material adjusting entries were required to fairly present the financial statements. Specifically, the Authority did not adjust inventory balances to account for all amounts sold during the year, resulting in an overstatement of inventory and understatement of cost of land inventory sold. Additionally, an adjusting entry were required to recognize grant revenues from amounts presented as unearned grant revenues.

Cause: The Authority did not have sufficient internal controls procedures in place to ensure inventory records are accurately reconciled and adjusted based on sales activity during the fiscal year, and activity related to the usage of grant funds is recorded appropriately.

Effect: Material audit adjustments were required to fairly present the financial statements. Furthermore, without adequate internal controls over financial reporting, the Authority's financial statements may contain material misstatements, where such misstatements could lead management and governance to make decisions based on inaccurate financial information.

Recommendation: The Authority should implement internal controls over financial reporting to ensure supporting documentation for major account balances are updated and reviewed by appropriate individuals to ensure financial statement errors are prevented or detected and corrected timely.

Views of Responsible Official: See management's response to financial statement findings and compliance on page 49.

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

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RESPONSES (CONTINUED)

2024-002 Internal Controls Over Monitoring Vendor Contracts

Fiscal Year Finding Originated: 2024

Criteria: Effective internal controls allow public entities to ensure vendor charges are accurate, reasonable, and in accordance with agreements or purchasing decisions that support responsible use of public funds.

Condition: During our audit, we identified instances indicating inadequate monitoring of vendor contracts. In our testing of selected vendor invoices, we noted charges for lawn services that did not align with the contractually agreed upon pricing. Additionally, we noted certain properties that were either sold or transferred during the previous and current fiscal year were still being serviced and invoiced to the Authority and the properties were sold or transferred.

Cause: Internal controls over monitoring vendor contracts were not effective to ensure services performed and items purchased were in accordance with agreed upon pricing or exiting contracts.

Effect: The Authority may have incurred more costs than necessary for lawn services.

Recommendation: We recommend the Authority enhance its internal controls over vendor and contract monitoring by implementing a review process to verify vendor invoices against contract terms before payment.

Views of Responsible Official: See management's response to financial statement findings and compliance on page 49.

2024-003 Local Government Budget Act

Criteria: In accordance with Louisiana Revised Statute 39:1305 *Local Governmental Budget Act (LGBA)*, political subdivisions are required to prepare and legally adopt a budget document, which shall include a budget message signed by the budget preparer which shall include a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

Condition: A budget message, as required by Louisiana Revised Statute 39:105, was not prepared for the year ended December 31, 2024.

Cause: The Authority did not prepare a budget message for the General Fund for the year ended December 31, 2024.

Effect: The Authority may not be compliant with the *LGBA*.

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

Baton Rouge, Louisiana

SUMMARY OF FINDINGS AND RESPONSES (CONTINUED)

2024-003 Local Government Budget Act (Continued)

Recommendation: We recommend that the District comply with *LGBA* and ensure a budget message is presented with annual budget adoptions and budget amendments in the future.

Views of Responsible Official: See management's response to financial statement findings and compliance on page 49.

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

Baton Rouge, Louisiana

SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended December 31, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT AND COMPLIANCE

None.



June 23, 2025

Faulk & Winkler, LLC
Certified Public Accountants
6811 Jefferson Highway
Baton Rouge, LA 70806

MANAGEMENT'S RESPONSES TO FINDINGS

2024-001 Internal Controls over Financial Reporting

Management concurs with the finding and recommendation provided. Management will establish procedures to ensure supporting schedules for land banking inventory and grant funds are updated and reviewed by appropriate individuals timely and reconciled to amounts presented in the Authority's financial statements.

2024-002 Internal Controls Over Monitoring Vendor Contracts

Management concurs with the finding and recommendation provided. Enhanced processes and procedures regarding contract monitoring will be implemented to ensure individuals reviewing invoices for contracted services compare services and/or deliverables provided to the Authority to the scope and fee arrangement notated in the approved contract. Additionally, our purchase order and approval process for goods and services will require documentation of whether the goods and services can be provided under an existing approved contract prior to authorization of the purchase.

2024-003 Local Government Budget Act

Management concurs with the finding and recommendation. Although a budget for the General Fund was properly advertised in our official journal, adopted in an open meeting, and amended during the year, we will ensure our budgeting process moving forward includes an appropriate budget message signed by the budget preparer that includes a summary description of the proposed financial plan, policies, and objectives, assumptions, budgetary basis, and a discussion of the most important features.

The corrective actions shall be performed by Authority's newly hired President and CEO, Deidre Robert, who began on March 11, 2025, and has taken proactive steps to address our controls and processes.

Sincerely,

A blue ink signature of Deidre Robert, consisting of a stylized 'D' and 'R' followed by a horizontal line.

Deidre Robert, President and CEO