

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

**FINANCIAL STATEMENTS
&
SUPPLEMENTAL INFORMATION**

YEAR ENDED SEPTEMBER 30, 2024

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
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HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT DISCUSSION & ANALYSIS
YEAR ENDED SEPTEMBER 30, 2024

MANAGEMENT’S DISCUSSION AND ANALYSIS

The Management’s Discussion and Analysis (the “MD&A”) is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Housing Authority of East Baton Rouge Parish’s (the “Authority”) financial activity, (c) identify changes in the Authority’s financial position (its ability to address the next and subsequent years’ challenges), and (d) identify issues or concerns. This will now be presented at the front of each year’s financial statements. Since the MD&A is designed to focus on the current year’s activities, resulting changes, and currently known facts, please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Net position at September 30, 2024, decreased to \$31,418,643. Since the Authority engages only in business-type activities, the decrease for the Authority is all in the category of business-type net position. Net position was \$31,703,543 for 2023.
- The total operating revenues of all programs for September 30, 2024, increased to \$55,316,672. Total operating revenues were \$48,257,151 for 2023.
- The total operating expenses of all programs for September 30, 2024, increased to \$54,930,987. Total operating expenses were \$48,234,087 for 2023.
- The total nonoperating activity for September 30, 2024, decreased to \$2,829,620. Total nonoperating activity was \$3,393,932 for 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements included in this annual report are those of a special-purpose government engaged only in business-type activities. While the Authority’s financial statements includes Partners for Progress, Inc. and eight limited partnerships (LPs) that is considered a discretely presented component unit of the Authority, the following overview focuses on the primary government (the Authority and its Blended Component Units, EBRP Housing Authority Holdings, Inc. and River South Phase 1) and does not address all of the effects the discretely presented component unit has on the primary government’s operations.

This MD&A is intended to serve as an introduction to the Authority’s basic financial statements.

The following financial statements are included in this report:

- Statement of Net Position – reports current financial resources (short-term expendable resources) with capital assets and long-term obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Position – reports operating and nonoperating revenue, by major source, along with operating and nonoperating expenses and capital contributions.
- Statement of Cash Flows – reports cash flows from operating, investing, capital, and non-capital activities.

PROGRAMS

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing at a rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority’s capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year’s grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

Housing Voucher Cluster – Under the Housing Choice Voucher Program and Emergency Housing Voucher program, the Authority contracts with independent landlords that own property for rent. The Authority subsidizes the family’s rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participant’s rent at 30% or up to 40% of household income.

Business Activities – This program allows Public Housing Agencies (PHAs) to engage in entrepreneurial ventures that generate additional revenue while supporting affordable housing initiatives. These activities, which must align with HUD regulations, can include property management services, development projects, or other business enterprises. Any income earned must be used to benefit low-income housing programs and residents. The goal is to promote financial sustainability and expand resources beyond federal funding.

Discretely Presented Component Units – Discretely presented component units consists of Partners for Progress, Inc. The Corporation is a related nonprofit Louisiana corporation, which was created as an instrumentality of the Authority for the purpose of developing low, and low-moderate income housing opportunities within the East Baton Rouge Parish community. Discretely presented component units also consist of eight LPs: Brookstown Place Partnership; Cedar Pointe Subdivision, LP; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; EBRPHA Development 4, LP; and River South Development, LP. See the notes to the financial statements for additional information regarding these LPs.

Revitalization of Severely Distressed Public Housing – This program was created by HUD to transform deteriorating public housing communities into mixed-income, sustainable neighborhoods. The program provided funding for the demolition, rehabilitation, and redevelopment of severely distressed public housing units, often replacing them with modern, mixed-income housing. It emphasized resident self-sufficiency, supportive services, and community development, aiming to break the cycle of poverty and improve living conditions.

Choice Neighborhood Planning Grants – This program provides funding to communities to develop comprehensive neighborhood transformation plans. These grants support local partnerships in creating strategies to revitalize distressed public or HUD-assisted housing while improving access to education, employment, and services.

State/Local – The Authority administers as sub-recipient's various grants and housing programs from the local governmental entities.

Disaster Housing Assistance Program for Hurricanes Ike and Gustav (DHAP-IKE) – This program is a temporary rental assistance program administered by HUD and FEMA to help families displaced by Hurricanes Ike and Gustav in 2008. Modeled after previous DHAP programs, DHAP-IKE provides time-limited rental subsidies and case management services to assist families in transitioning to permanent housing. The program aims to reduce dependence on federal disaster assistance by gradually decreasing rental subsidies, encouraging self-sufficiency.

Blended Component Units – Blended component units consist of EBRP Housing Authority Holdings, Inc. was created to engage in activities permissible under section 501(c)(3), including the acquisition, development, ownership and operation of residential, commercial, and or mixed-use properties for the provision of shelter and housing for low-income individuals and families, the provision of social services, and the fostering of community engagement, economic development and cultural enrichment. The members of the board of commissioners of the housing authority serve as the board of directors of the corporation. The blended component unit column also includes River South Phase I which was previously reported as a public housing property. In November 2022, the property was converted under RAD and now has project-based vouchers for its 33 units under a 20-year HAP contract.

Disaster Voucher Program – This program is a temporary housing assistance program established by HUD in response to Hurricanes Katrina and Rita in 2005. It provided Section 8 rental assistance vouchers to eligible low-income families displaced by the disasters.

Central Office Cost Center – In accordance with HUD's Asset Management rules, the Authority established a central office cost center (COCC) to record costs that are indirect in nature and cannot be charged directly to the developments. This method allows the COCC to bill the developments for services such as plumbing, electrical, HVAC, etc. Also, the COCC earns fees for Asset Management, Bookkeeping and Property Management fees. HUD has assured the authorities that any profit created by the COCC using this fee-for-service approach will be treated as non-federal (unrestricted) funds.

Section 8 Moderate Rehabilitation Single Room Occupancy – This program is a HUD initiative that provides rental assistance for homeless individuals in need of affordable housing. The program offers subsidies to property owners who rehabilitate single-room occupancy units, which are then rented to eligible low-income tenants.

FINANCIAL ANALYSIS

The following tables focus on the net position and the change in net position of the Authority as a whole. Only the primary government is presented and the discretely presented component unit is excluded.

TABLE 1 – STATEMENT OF NET POSITION

	<u>2024</u>	<u>2023</u>	<u>Variance</u>	<u>% Change</u>
Current Assets	\$ 12,424,749	\$ 11,381,698	\$ 1,043,051	9.16%
Capital Assets, Net	18,627,328	17,190,098	1,437,230	8.36%
Other Noncurrent Assets	6,325,737	6,325,737	-	0.00%
Total Assets	<u>37,377,814</u>	<u>34,897,533</u>	<u>2,480,281</u>	7.11%
Deferred Outflows of Resources	<u>211,673</u>	<u>-</u>	<u>211,673</u>	100.00%
Current Liabilities	1,808,020	1,402,553	405,467	28.91%
Noncurrent Liabilities	3,336,991	1,791,437	1,545,554	86.27%
Total Liabilities	<u>5,145,011</u>	<u>3,193,990</u>	<u>1,951,021</u>	61.08%
Deferred Inflows of Resources	<u>1,025,833</u>	<u>-</u>	<u>1,025,833</u>	100.00%
Net Position				
Net Investment in Capital Assets	17,324,707	15,644,161	1,680,546	10.74%
Restricted	908,215	892,882	15,333	1.72%
Unrestricted	13,185,721	15,166,500	(1,980,779)	-13.06%
Total Net Position	<u>\$ 31,418,643</u>	<u>\$ 31,703,543</u>	<u>\$ (284,900)</u>	-0.90%

MAJOR FACTORS AFFECTING THE STATEMENT OF NET POSITION

Current assets increased by \$1,043,051 primarily due to increases in miscellaneous accounts receivable, tenants accounts receivable, prepaid expenses, and inventory.

Capital assets, net increased by \$1,437,230 due to capital asset additions exceeding capital asset disposals and normal depreciation.

There was no change in other noncurrent assets during the year.

Deferred outflows of resources increased by \$211,673 due to the Authority recognizing other post-employment benefits (OPEB) liabilities with the Louisiana Office of Group Benefits in 2024. Deferred outflows of resources represent changes of assumptions or other inputs and employer OPEB benefit payments made subsequent to the measurement period.

Current liabilities increased by \$405,467 primarily due to increases in deferred revenues, accrued liabilities, tenant security deposits liability, and the current portion of long-term debt.

Noncurrent liabilities increased by \$1,545,554 primarily due to the Authority recognizing OPEB liabilities with the Louisiana Office of Group Benefits in 2024. This increase was partially offset by a decrease in notes payable related to CFFP debt.

Deferred inflows of resources increased by \$1,025,833 due to the Authority recognizing other post-employment benefits (OPEB) liabilities with the Louisiana Office of Group Benefits in 2024. Deferred inflows of resources represent changes of assumptions or other inputs and Difference between expected and actual experience.

TABLE 2 – STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

The following schedule compares the revenue and expenses for the current and previous fiscal years for the primary government. The Authority is engaged in business-type activities. The discretely presented component unit is excluded.

	<u>2024</u>	<u>2023</u>	<u>Variance</u>	<u>% Change</u>
Operating Revenues				
Rental Income	\$ 2,189,378	\$ 1,808,998	\$ 380,380	21.03%
Federal Grants	51,269,008	44,819,872	6,449,136	14.39%
Other	1,858,286	1,628,281	230,005	14.13%
Total Operating Revenues	<u>55,316,672</u>	<u>48,257,151</u>	<u>7,059,521</u>	14.63%
Operating Expenses				
Administration	6,387,260	5,236,070	1,151,190	21.99%
Tenant Services	363,644	255,814	107,830	42.15%
Utilities	1,336,858	1,345,976	(9,118)	-0.68%
Maintenance	3,592,700	2,162,505	1,430,195	66.14%
Protective Services	166,840	135,220	31,620	23.38%
General	1,823,640	2,069,597	(245,957)	-11.88%
Housing Assistance Payments	39,621,759	35,311,543	4,310,216	12.21%
Depreciation	1,638,286	1,717,362	(79,076)	-4.60%
Total Operating Expenses	<u>54,930,987</u>	<u>48,234,087</u>	<u>6,696,900</u>	13.88%
Operating Income (loss)	<u>385,685</u>	<u>23,064</u>	<u>362,621</u>	1572.24%
Nonoperating revenues (expenses)				
Interest Revenue	6,208	2,043	4,165	203.87%
Interest Expense	(101,915)	(118,490)	16,575	-13.99%
Capital Contributions	2,925,327	3,510,379	(585,052)	-16.67%
Total Nonoperating Activity	<u>2,829,620</u>	<u>3,393,932</u>	<u>(564,312)</u>	-16.63%
Change in Net Position	3,215,305	3,416,996	(201,691)	-5.90%
Prior Period Adjustments	(3,500,205)	-	(3,500,205)	-100.00%
Beginning Net Position	<u>31,703,543</u>	<u>28,286,547</u>	<u>3,416,996</u>	12.08%
Ending Net Position	<u>\$ 31,418,643</u>	<u>\$ 31,703,543</u>	<u>\$ (284,900)</u>	-0.90%

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

The decrease in net position of \$284,900 was due to total expenses exceeding total revenues, which was primarily a result of a significant increases in operating expenses and decreases in nonoperating activity in excess of the increase in operating revenues recognized this year.

The Authority had operating income of \$385,685 including non-cash depreciation expense of \$1,638,286 versus operating income of \$23,064 and depreciation expense of \$1,717,362 in the prior year.

Total operating revenues increased by \$7,059,521 to \$55,316,672 primarily due to increases in operating grant funding received from HUD, rental revenue recognized, and other revenue.

Total operating expenses increased by \$6,696,900 to \$54,930,987 due to increases in expenses across the board, except for decreases in utilities, general, and depreciation expenses. These increases are primarily due to an increase in the Housing Choice Voucher Program's Housing Assistance Payments expense, which coincided with the increase in Federal grant revenue.

Total nonoperating activity decreased by \$564,312 to \$2,829,620 due to a decrease in the Authority's capital contributions. This decrease was partially offset by increases in interest revenue and interest expenses.

CAPITAL ASSETS

As of September 30, 2024, investment in capital assets for the Authority was \$18,627,328 net of accumulated depreciation. Investment in capital assets includes land, buildings, equipment, and construction in progress.

Major capital asset additions during the year are as follows:

- Unit and property improvements
- Construction costs

Major capital asset disposals during the year are as follows:

- Section 8 Vehicle

OUTSTANDING DEBT

As of year-end, the Authority had \$1,302,621 in debt outstanding compared to \$1,545,937 last year, a decrease of \$243,316. This debt consisted of a loan with Capital Once Public Funding, LLC using CFFP grant funds to secure the loan.

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development.
- Local labor, supply and demand, which can affect salary and wage rates.
- Local inflation, recession and employment trends, which can affect resident incomes and therefore the amount of rental income.
- Inflationary pressure on utility rates, supplies, and other costs.

FINANCIAL CONTACT

This financial report is designed to provide a general overview of the finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Mr. J. Wesley Daniels, Jr.
Chief Executive Officer
East Baton Rouge Parish Housing Authority
4731 North Boulevard
Baton Rouge, LA 70806
(251) 923-8150

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of East Baton Rouge Parish

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the Housing Authority of East Baton Rouge Parish (the "Authority") and the aggregate discretely presented component unit, as of and for the year ended September 30, 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, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Authority and the aggregate discretely presented component unit, as of September 30, 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.

We did not audit the financial statements Brookstown Place Partnership, ALPIC; Cedar Pointe Subdivision, LP; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; EBRPHA Development 4, LP; River South Development, LP, and Cypress at Gardere, LP, which represents approximately 88, 82, and 90 percent of the assets, net position, and revenues of the aggregate discretely presented component units, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these limited partnerships is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of Shreveport BDB Housing Partners, LLC were not audited in accordance with *Government Auditing Standards*.

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.

Auditor's 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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 on pages 1-5 and the schedule of changes in the Authority's total OPEB liability and related ratios on page 37, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplemental data, including the financial data schedule, the schedule of compensation, benefits and other payments to the Executive Director, and the schedule of outstanding judgements and agreements as required by R.S. 24:513.5, is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying Schedule of Compensation, Benefits and Other Payments to the Executive Director and the schedule of outstanding judgements and agreements as required by R.S. 24:513.5, is presented for the Office of the Louisiana Legislative Auditor's information 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, the financial data schedule, the schedule of expenditures of federal awards, the schedule of compensation, benefits and other payments to the Executive Director, and the schedule of outstanding judgements and agreements as required by R.S. 24:513.5 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 26, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Authority's internal control over financial reporting and compliance.

Henderson & Pilleteri, LLC

Birmingham, AL
June 26, 2025

**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***

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of East Baton Rouge Parish

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Housing Authority of East Baton Rouge Parish (the "Authority") and the aggregate discretely presented component unit, as of and for the year ended September 30, 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 26, 2025.

Our report includes a reference to other auditors who audited the financial statements of Brookstown Place Partnership, ALPIC; Cedar Pointe Subdivision, LP; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; EBRPHA Development 4, LP; River South Development, LP; and Cypress at Gardere, LP, as described in our report on the Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Brookstown Place Partnership, ALPIC; Cedar Pointe Subdivision, LP; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; EBRPHA Development 4, LP; River South Development, LP; and Cypress at Gardere, LP were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-006 to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Authority's Response to Findings

The Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Henderson & Pilleteri, LLC

Birmingham, AL
June 26, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

To the Board of Commissioners
Housing Authority of East Baton Rouge Parish

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Housing Authority of East Baton Rouge Parish's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended September 30, 2024. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Housing Voucher Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Housing Voucher Cluster for the year ended September 30, 2024.

Unmodified Opinion on Capital Fund Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding the Housing Voucher Cluster as described in finding number 2024-002 Activities Allowed or Unallowed and 2024-003 Eligibility.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-003 to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henderson & Pilleteri, LLC

Birmingham, AL

June 26, 2025

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government	Discrete Component Units
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	\$ 2,334,418	\$ 2,506,614
Restricted cash and cash equivalents	1,168,241	3,462,204
Due from HUD	1,650,076	801
Miscellaneous receivable	4,919,611	2,552,115
Tenants receivable, net	373,060	62,915
Prepaid expenses and other assets	1,544,810	367,482
Inventories, net	434,533	-
Total current assets	<u>12,424,749</u>	<u>8,952,131</u>
Noncurrent assets:		
Capital assets:		
Land and construction in progress	11,621,229	1,096,183
Building and equipment, net of depreciation	<u>7,006,099</u>	<u>61,226,484</u>
Total capital assets	18,627,328	62,322,667
Other noncurrent assets	7,938	476,823
Notes, loans and mortgages receivable, net of current portion	<u>6,317,799</u>	<u>7,513,544</u>
Total noncurrent assets	<u>24,953,065</u>	<u>70,313,034</u>
Total assets	<u>37,377,814</u>	<u>79,265,165</u>
DEFERRED OUTFLOWS OF RESOURCES		
Changes of OPEB assumptions or other inputs	177,636	-
Employer OPEB benefit payments made subsequent to measurement period	<u>34,037</u>	<u>-</u>
Total deferred outflows of resources	<u>\$ 211,673</u>	<u>\$ -</u>

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

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government	Discrete Component Unit
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 318,716	\$ 148,536
Accrued liabilities	622,628	405,542
Intergovernmental payables	22,334	-
Tenant security deposits	188,381	123,060
Unearned revenue	314,152	41,860
Other current liabilities	62,058	3,067,725
Notes payable, current portion	260,331	180,427
Compensated absences, current portion	19,420	1,219
Total current liabilities	<u>1,808,020</u>	<u>3,968,369</u>
Noncurrent liabilities:		
Notes payable, net of current portion	1,042,290	32,581,909
Compensated absences, net of current portion	179,639	10,976
Accrued OPEB liability	2,115,062	-
Noncurrent liabilities - other	-	4,036,311
Total noncurrent liabilities	<u>3,336,991</u>	<u>36,629,196</u>
Total liabilities	<u>5,145,011</u>	<u>40,597,565</u>
DEFERRED INFLOWS OF RESOURCES		
Changes of OPEB assumptions or other inputs	492,758	-
Difference between expected and actual OPEB experience	533,075	-
Total deferred inflows of resources	<u>1,025,833</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	17,324,707	29,560,331
Restricted	908,215	3,337,602
Unrestricted	13,185,721	5,769,667
Total net position	<u>\$ 31,418,643</u>	<u>\$ 38,667,600</u>

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

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2024

	Primary Government	Discrete Component Unit
OPERATING REVENUES		
Rental income	\$ 2,189,378	\$ 4,591,508
Federal and other governmental grants	51,269,008	1,389,313
Other	<u>1,858,286</u>	<u>512,763</u>
Total operating revenues	<u>55,316,672</u>	<u>6,493,584</u>
OPERATING EXPENSES		
Administration	6,387,260	1,450,552
Tenant services	363,644	16,627
Utilities	1,336,858	302,511
Maintenance	3,592,700	1,075,598
Protective services	166,840	-
General	1,823,640	1,100,678
Housing assistance payments	39,621,759	-
Depreciation and amortization	<u>1,638,286</u>	<u>2,350,731</u>
Total operating expenses	<u>54,930,987</u>	<u>6,296,697</u>
Operating income (loss)	385,685	196,887
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	6,208	36,032
Interest expense	<u>(101,915)</u>	<u>(2,509,885)</u>
Income (loss) before special items	289,978	(2,276,966)
Capital contributions	2,925,327	-
Special items, net gain	<u>-</u>	<u>6,715,160</u>
Change in net position	<u>3,215,305</u>	<u>4,438,194</u>
Total net position - beginning of the year	31,703,543	34,229,406
Prior period adjustments	<u>(3,500,205)</u>	<u>-</u>
Total net position - beginning of the year, as restated	<u>28,203,338</u>	<u>34,229,406</u>
Total net position - end of the year	<u><u>\$ 31,418,643</u></u>	<u><u>\$ 38,667,600</u></u>

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

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2024

	Primary Government
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tenants	\$ 3,768,933
Federal and other governmental grants	52,076,991
Other receipts	(6,023,582)
Payments to suppliers	(48,857,300)
Payments to or on behalf of employees	(1,972,572)
	<u>(1,007,530)</u>
Net cash provided (used) by operating activities	<u>(1,007,530)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(3,075,516)
Capital contributions	2,925,327
Principal payments on capital debt	(243,316)
Interest payments on capital debt	(101,915)
	<u>(495,420)</u>
Net cash provided (used) by capital financing activities	<u>(495,420)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest revenue	6,208
	<u>6,208</u>
Net cash provided (used) by investing activities	<u>6,208</u>
Net increase (decrease) in cash and cash equivalents	(1,496,742)
Balances - beginning of the year	4,999,401
Balances - end of the year	<u><u>\$ 3,502,659</u></u>
RECONCILIATION OF INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 385,685
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization expense	1,638,286
Prior period adjustments	(3,500,205)
Change in assets and liabilities:	
Receivables, net	(1,682,594)
Inventories, net	(160,547)
Prepays and other assets	(696,652)
Deferred outflows of resources	(211,673)
Accounts payable	(161,783)
Unearned revenue	190,764
Other liabilities	(317,031)
Accrued liabilities	333,829
Compensated absences	726
Tenant security deposits	32,770
Deferred inflows of resources	1,025,833
Accrued OPEB liability	2,115,062
	<u>2,115,062</u>
Net cash provided (used) by operating activities	<u><u>\$ (1,007,530)</u></u>

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

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority of East Baton Rouge Parish (the “Authority”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has previously implemented GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain significant changes in the statements are as follows: The financial statements will include a Management’s Discussion and Analysis (MD&A) section providing an analysis of the Authority’s overall financial position and results of operations.

The Authority is a special-purpose government engaged only in business-type activities and therefore, presents only the financial statements required for enterprise funds, in accordance with GASB Statement 34, paragraph 138. For these governments, basic financial statements and required supplemental information consist of:

- Management Discussion and Analysis (MD&A)
- Enterprise fund financial statements consisting of –
 - Statement of Net Position
 - Statement of Revenues, Expenses, and Changes in Fund Net Position
 - Statement of Cash Flows
- Notes to financial statements
- Required supplemental information other than MD&A

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the “enterprise fund” in the basic financial statements. Significant Authority policies are described below.

A. The Reporting Entity

The Authority was established as a tax-exempt quasi-governmental entity under the United States Housing Act of 1937 for the purpose of providing affordable housing to low- and moderate-income families in East Baton Rouge Parish, Louisiana. The governing body of the Authority is composed of a 7-member appointed Board of Commissioners (the “Board”). The applicable jurisdictions appoint the Board, who in turn hires the Chief Executive Officer. The Authority is governed by its charter and by-laws, state and local laws and federal regulations. The Board is responsible for the establishment and adoption of policy. The execution of such policy is the responsibility of the Authority’s management.

For financial reporting purposes, the financial reporting entity consists of (1) the primary government (the “Authority”), (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. The Authority is financially accountable if it appoints a voting majority of an organization’s governing body and (a) it is able to impose its will on the organization or, (b) there is potential for that organization to provide specific financial benefits to, or impose specific financial burdens on the Authority. The Authority may be financially accountable if an organization is fiscally dependent on the Authority. Based on these criteria, the following entity has been identified as a component unit of the Authority.

Nonprofit Blended Component Unit:

EBRP Housing Authority Holdings, Inc.

EBRP Housing Authority Holdings, Inc. was created to engage in activities permissible under section 501(c)(3), including the acquisition, development, ownership and operation of residential, commercial, and or mixed-use properties for the provision of shelter and housing for low-income individuals and families, the provision of social services, and the fostering of community engagement, economic development, and cultural enrichment. The members of the board of commissioners of the housing authority serve as the board of directors of the corporation. This entity had no activity in fiscal year 2024.

River South Phase I

River South Phase I was previously reported as a public housing property. In November 2022, the property was converted under RAD and now has project-based vouchers for its 33 units under a 20-year HAP contract. EBRP Housing Authority Holding, Inc. has 99.99% ownership, and the Authority has 0.01% ownership of the property.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority's Board is the governing body for EBRP Housing Authority Holdings, Inc. and River South Phase I. EBRP Housing Authority Holdings, Inc. and River South Phase I are an instrumentality of the Housing Authority and is fiscally dependent on the Housing Authority. As a result, EBRP Housing Authority Holdings, Inc. and River South Phase I are presented as blended component units included in the balances of the primary government. For these financial statement footnote disclosures, the use of the term "Authority" is in reference to the primary government which is composed of the Housing Authority, EBRP Housing Authority Holdings, Inc., and River South Phase I. All significant inter-program balances and transactions between EBRP Housing Authority Holdings, Inc., River South Phase I, and the Authority have been eliminated. No separate financial statements are issued by EBRP Housing Authority Holdings, Inc. and River South Phase I. However, condensed financial statements have been included in *Note 14 – Blended Component Units* in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB 39, 61 and 80.

Discretely Presented Component Unit:

Partners for Progress, Incorporated (the Corporation)

The Corporation is a related nonprofit Louisiana corporation, created as an instrumentality of the Authority to develop low- and low-moderate-income housing opportunities within the East Baton Rouge Parish community. The Corporation has entered into a management agreement with the Authority for the Authority to provide administrative and management services. Because the Corporation maintains a substantively different governing board than the Authority, and the benefits derived from its services extend beyond the Authority, it is considered a discretely presented component unit. The Corporation's activity is reported separately in the financial statements and accompanying schedules in the Partners for Progress, Incorporated column. The Corporation has a September 30 fiscal year-end. Its financial statements reported within the Authority's September 30, 2024 financial statements are as of and for the fiscal year ended September 30, 2024. A copy of the financial statements of Partners for Progress, Inc. for the year ended September 30, 2024, may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

The Corporation created various entities to serve as instrumentalities of the Corporation to facilitate low-income housing developments. The financial activity of these entities is consolidated into the Corporation's financial statements and is reported in the financial statements and accompanying schedules in the Partners for Progress, Incorporated column.

The Corporation is the sole member of the following entities with December 31, 2023 year-ends:

- Partners for Progress Development Company, LLC
- Cedar Pointe Development, LLC
- Wesley Chapel Development, LLC
- Hospital Plaza I, LLC
- Colonial Courts I, LLC
- Roosevelt Terrace, LLC
- River South, LLC
- Cypress at Gardere, GP LLC
- 2080 Ardenwood, LLC

Brookstown Place Partnership, ALPIC

Partners for Progress Development Company, LLC is the managing general partner of Brookstown Place Partnership, a Louisiana Partnership in Commendam. It holds a 0.01% interest in Brookstown Place Partnership and contributed \$50 at formation for this interest. Partners for Progress Development Company, LLC will receive 0.01% of income, 5.00% of the distribution of cash flow, and 5.00% from the sale or refinancing of partnership assets. Due to the Authority's interest and participation in the partnership through Partners for Progress Development Company, LLC, Authority management considers Brookstown Place Partnership to be a discretely presented component unit.

Cedar Pointe Subdivision, LP

Cedar Pointe Development, LLC is the managing general partner of Cedar Pointe Subdivision Limited Partnership, a Louisiana Partnership in Commendam. It holds a 0.01% interest in Cedar Pointe Subdivision Limited Partnership and will receive 0.01% of income, 5.00% of the distribution of cash flow, and 5.00% from the sale or refinancing of partnership assets. Due to the Authority's interest and participation in the partnership through Cedar Pointe, LLC, Authority management considers Cedar Pointe Subdivision, LP to be a discretely presented component unit.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wesley Chapel Development, LP

Wesley Chapel Development, LLC is the managing general partner of Wesley Chapel Development, LP. Due to the Authority's interest and participation in the partnership through Wesley Chapel Development, LLC, Authority management considers the partnership to be a discretely presented component unit.

EBRPHA Development 1, LP

Hospital Plaza I, LLC is the managing general partner of EBRPHA Development 1, LP. Due to the Authority's interest and participation in the partnership through Hospital Plaza I, LLC, Authority management considers the partnership to be a discretely presented component unit.

EBRPHA Development 2, LP

Colonial Courts I, LLC is the managing general partner of EBRPHA Development 2, LP. Due to the Authority's interest and participation in the partnership through Colonial Courts I, LLC, Authority management considers the partnership to be a discretely presented component unit.

EBRPHA Development 4, LP

Roosevelt Terrace, LLC is the managing general partner of EBRPHA Development 4, LP. Due to the Authority's interest and participation in the partnership through Roosevelt Terrace, LLC, Authority management considers the partnership to be a discretely presented component unit.

River South Development, LP

River South, LLC is the managing general partner of River South Development, L.P. Due to the Authority's interest and participation in the partnership through River South, LLC, Authority management considers the partnership to be a discretely presented component unit.

Cypress at Gardere, LP

Cypress at Gardere, GP LLC is the managing general partner of Cypress at Gardere, LP. Cypress at Gardere, LP has completed the development phases and is now considered to be a discretely presented component unit at September 30, 2024.

The relationship between the Authority, the Corporation and the LPs is supportive in nature as the Authority and the entities often carry out their stated purpose of providing decent, safe and affordable housing by supporting the operational goals and objectives of these entities. As a result of all of the transactions and relationships between these entities and the Authority, management believes that these entities should be included as discretely presented component units in order to make the Authority's financial reporting entity's financial statements complete.

The LPs have a December 31st year-end. Their financial statements reported within the Authority's September 30, 2024 financial statements are as of and for the fiscal year ended December 31, 2023. The LPs also issue separate financial statements, which are available by contacting the Housing Authority.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority's financial statements are accounted for on the flow of economic resources management focus using the accrual basis of accounting. The accounting objectives are a determination of net income, financial position, and changes in cash flow.

All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with a proprietary fund's activities are included on the Statement of Net Position. Proprietary fund net position is segregated into Net Investment in Capital Assets, Restricted Net Position, and Unrestricted Net Position. Revenues are recognized when they are earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are rental charges to tenants and operating subsidy grants from HUD. Operating expenses for proprietary funds include the cost of administrative expenses, maintenance expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Authority applies restricted resources to fund restricted costs and unrestricted resources to fund unrestricted costs. All material inter-program accounts and transactions are eliminated in the preparation of the basic financial statements.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Authority has previously adopted GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. In accordance with this statement, the Authority accounted for all grants that qualify as non-exchange transactions, recognizing receivables and revenues when all applicable eligibility requirements are met. In addition, capital contributions are recorded on the Statement of Revenues, Expenses, and Changes in Fund Net Position after income before contributions and before changes in net position.

Generally accepted accounting principles for state and local governments requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- *Net investment in capital assets* – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.
- The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component on net position.

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents include cash on hand, demand deposits, and money market accounts. For purposes of the statement of cash flows, the Authority considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying amounts reported on the balance sheet approximate fair values because of the short maturities of those investments.

D. Receivables

Receivables primarily include amounts from tenants for rental of housing units and amounts from HUD for operations and modernization. All receivables are current and due within one year. Tenant receivables are reported net of an allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible.

E. Restricted Assets and Liabilities

Debt covenants, HUD regulations, and inter-local agreements restrict the use of certain assets. Restricted assets are offset by related liabilities in accordance with their liquidity.

F. Inventories

Inventories are accounted for under the consumption method and recorded at the lower of cost or market, net of an allowance for obsolete inventories. Materials and supplies are recorded as inventories when purchased and as expenditures when used. Allowances are reported when materials and supplies are deemed obsolete.

G. Prepaid Items

Prepaid items consist of payments made to vendors for services that will benefit future periods.

H. Capital Assets

Capital assets include property, furniture, equipment, and machinery. Capital assets with initial, individual costs that equal or exceed \$5,000 and estimated useful lives of over one year are recorded as capital assets. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is expensed in accordance with GASB 89. Construction in progress consists of capital improvements funded by modernization grant programs. Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-20
Improvements other than buildings	10
Furniture, equipment, and machinery	5

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

The Authority's policy allows each employee to accumulate paid time off hours and be paid for them upon separation in varying amounts to specified maximums depending on tenure with the Authority. The employees are entitled to vacation leave balances at termination. Time accumulated beyond these amounts is forfeited unless exception is granted by the Board. Sick leave hours also accrue to full time employees at specified maximums. The majority of employees utilize their annual accrual of paid time off during the year accrued. The Authority records compensated absences in the period they are earned. Leave accrued but not yet paid as of September 30, 2024, is shown as a liability allocated between current and noncurrent classifications.

J. Unearned Revenue

The Authority recognizes revenues as earned. An amount received in advance of the period in which it is earned is recorded as a liability under deferred revenue.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Recent Accounting Pronouncements

The Authority has adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*, prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. Statement 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The adoption of GASB Statement No. 100 had no material effect on the Authority's September 30, 2024 financial statements.

NOTE 2 – CASH DEPOSITS AND INVESTMENTS

Cash and investments may be invested in the following HUD-approved vehicles:

- Direct obligations of the federal government backed by the full faith and credit of the United States;
- Obligations of government agencies;
- Securities of government sponsored agencies;
- Demand and savings deposits; and,
- Time deposits and repurchase agreements.

At September 30, 2024, the Authority's cash was in bank deposits or money market accounts. All of the Authority's federal funds were insured or collateralized with securities held by the Authority or by agents in the Authority's name. The Authority did not have any investments as of fiscal year end September 30, 2024. The Authority's cash balances at September 30, 2024 totaled \$3,502,659.

Interest Rate Risk – The Authority's formal investment policy does not specifically address the exposure to this risk.

Credit Risk – The Authority's formal investment policy does not specifically address credit risk. Credit risk is generally evaluated based on the credit ratings issued by nationally recognized statistical rating organizations.

Custodial Credit Risk – The Authority's policy is to limit credit risk by adherence to the list of HUD permitted investments, which are backed by the full faith and credit of or a guarantee of principal and interest by the U.S. Government.

Concentration of Credit Risk – The Authority's investment policy does not restrict the amount that the Authority may invest in any one issuer.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 3 – CAPITAL ASSETS

A. Changes in Capital Assets

Capital asset activity for the year ended September 30, 2024 was as follows:

	Primary Government				
	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
Capital assets not being depreciated					
Land	\$ 8,489,187	\$ -	\$ -	-	\$ 8,489,187
Construction in progress	316,325	3,071,087	-	(255,370)	3,132,042
Total capital assets not being depreciated	<u>8,805,512</u>	<u>3,071,087</u>	<u>-</u>	<u>(255,370)</u>	<u>11,621,229</u>
Capital assets being depreciated					
Buildings and improvements	47,295,204	-	-	237,970	47,533,174
Equipment	674,118	-	(14,771)	17,400	676,747
Total capital assets being depreciated	<u>47,969,322</u>	<u>-</u>	<u>(14,771)</u>	<u>255,370</u>	<u>48,209,921</u>
Less accumulated depreciation for:					
Buildings and improvements	(39,063,972)	(1,593,531)	-	-	(40,657,503)
Equipment	(501,564)	(44,755)	-	-	(546,319)
Total accumulated depreciation	<u>(39,565,536)</u>	<u>(1,638,286)</u>	<u>-</u>	<u>-</u>	<u>(41,203,822)</u>
Capital assets, net	<u>\$ 17,209,298</u>	<u>\$ 1,432,801</u>	<u>\$ (14,771)</u>	<u>\$ -</u>	<u>\$ 18,627,328</u>

B. Capital Contributions

The Authority receives capital grants from HUD. The Authority recognized \$2,925,327 in capital contributions for the fiscal year ended September 30, 2024.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 4 – NOTES, LOANS & MORTGAGES RECEIVABLE

Notes, loans, and mortgage receivable consist of the following due from the Partnerships at September 30, 2024:

Description	Amount
Due from EBRPHA Development 1, LP (Willow Creek)	
Promissory Note due to EBRPHA Dated January 2012, Matures January 2052, 2.00% Interest	\$1,325,570
Promissory Note due to EBRPHA (Second) Dated January 2012, Matures January 2052, 2.00% Interest	\$197,991
Total for Willow Creek	<u>\$1,523,561</u>
Due from EBRPHA Development 2, LP (Autumn Place)	
Promissory Note due to EBRPHA Dated January 2012, Matures January 2052, 2.00% Interest	\$1,266,000
Promissory Note Due to EBRPHA (Second) Dated January 2012, Matures January 2052, 2.00% Interest	\$203,730
Total for Autumn Place	<u>\$1,469,730</u>
Cypress at Ardendale Phase 1, LP	
Promissory Note due to EBRPHA Dated April 2021, Matures April 2056, 8.00% Interest	\$1,734,166
Total for Cypress at Ardendale Phase 1	<u>\$1,734,166</u>
Cypress at Ardendale Senior, LP	
Promissory Note due to EBRPHA Dated January 2023, Matures April 2058, 6.00% Interest	\$395,536
Total for Cypress at Ardendale Senior	<u>\$395,536</u>
Due from EBRPHA Development 4, LP	
Promissory Note due to EBRPHA Dated September 2014, Matures September 2034, 2.94%	\$400,000
Total for EBRPHA Development 4	<u>\$400,000</u>
Due from Riversouth Development, LP	
Promissory Note due to EBRPHA Dated August 2017, Matures August 2057, 2.58%	\$794,806
Total for Riversouth Development	<u>\$794,806</u>
Total Notes Receivable	<u><u>\$6,317,799</u></u>

These notes were loaned to the respective Partnerships to assist in the development of three low-income townhouse communities and the rehabilitation of an apartment complex and are secured with second mortgages against each Partnership's leasehold interest in the properties. The deferred developer fees were earned by providing managerial and administrative assistance during the construction of the three developments. During the fiscal year, the Authority was not paid any developer fees from the Partnerships. As of September 30, 2024, the Authority's share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$16,456. Due to uncertainties regarding collectability, Authority management has elected to reserve the entire amount of the deferred developer fees receivable and to recognize income as funds are received.

NOTE 5 – GROUND LEASES

The Authority entered into ground lease agreements with several limited partnerships that have constructed or are in the process of constructing rental home projects. The terms of the leases vary from 55 years to 99 years with an annual rent of \$1. The units must be used for public housing and are subject to public housing requirements.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 6 – NONCURRENT LIABILITIES

Noncurrent liabilities at September 30, 2024 consisted of the following:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 198,333	\$ 726	\$ -	\$ 199,059	\$ 19,420
Notes payable	1,545,937	-	243,316	1,302,621	260,331
Noncurrent liabilities - other	309,219	-	309,219	-	-
Accrued OPEB liability	2,017,283	299,227	201,448	2,115,062	-
Total noncurrent liabilities	<u>\$ 4,070,772</u>	<u>\$ 299,953</u>	<u>\$ 753,983</u>	<u>\$ 3,616,742</u>	<u>\$ 279,751</u>

NOTE 7 – DEFERRED COMPENSATION PENSION PLAN

The Authority provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by Great West Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after up to twelve months of continuous service. The Authority contributes approximately 10.5% of the employee's eligible compensation, while the employees are not required to contribute to the plan. During fiscal year 2024, the Authority made the required contributions in the amount of \$279,298 and the employees contributed \$22,527. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS

Plan description

The Authority meets the qualifications in the Louisiana Administrative Code 32:3.303 and participates in the Office of Group Benefits ("OGB") State of Louisiana Post-Retirement Benefit Plan. The Plan is an agent multiple-employer defined benefit post-employment benefit plan that does not accumulate assets in a trust that meets the criteria of paragraph 4 of GASB Statement 75 in which: a) contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable, b) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms, and c) OPEB plan assets are legally protected from creditors.

The plan provides medical, prescription drug, and life insurance benefits to retirees, disabled retirees, and their eligible beneficiaries through premium subsidies. Current employees who participate in an OGB health plan while active are eligible for plan benefits if they are enrolled in the OGB health plan immediately before the date of retirement. The Authority subsidizes the cost of the Plan for its retirees based on the retiree's years of participation in the OGB Plan.

Louisiana Revised Statute (LRS) 42:801-883 assigns the authority to establish and amend the benefit provisions of the plan to the state legislature. LRS 42:802, 42:821, and 42:851 provide the authority under which the obligations of the plan members, employers, and other contributing entities that contribute to the plan are established or may be amended.

A summary of members participating in the plan at the fiscal year end of the plan, June 30, 2024, is as follows:

Retirees and beneficiaries currently receiving benefit payments	3
Retirees and beneficiaries entitled to benefits but not yet receiving them	-
Active plan member	<u>53</u>
	<u>56</u>

OGB offers retirees four self-insured healthcare plans and one fully insured plan. Retired employees who have Medicare Part A and Part B coverage also have access to six fully insured Medicare Advantage plans, which include three Vantage HMO plans and one plan each from Peoples Health, Humana, and HMO Louisiana. Retired employees who have both Medicare Part A and Part B are also eligible to participate in Individual Medicare Market Exchange products through the exchange broker via Benefits and receive \$200/\$300 health reimbursement arrangement (HRA) credits monthly.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Employer contributions are based on plan premiums and the employer contribution percentage. This percentage is based on the date of participation in an OGB plan (before or after January 1, 2002) and employee years of service at retirement. Employees who began participation or rejoined the plan before January 1, 2002, pay approximately 25% of the cost of coverage (except single retirees under age 65 who pay approximately 25% of the active employee cost). For those beginning participation or rejoining on or after January 1, 2002, the percentage of premiums contributed by the employer is based on the following schedule:

<u>OGB participation</u>	<u>Employer contribution percentage</u>	<u>Retiree contribution percentage</u>
Under 10 years	19%	81%
10-14 years	38%	62%
15-19 years	56%	44%
20 plus years	75%	25%

In addition to healthcare benefits, retirees may elect to receive life insurance benefits. Basic and supplemental life insurance is available for individual retirees and spouses of retirees, subject to maximum values. Employers pay approximately 50% of monthly premiums for individual retirees, while the retiree is responsible for 100% of the premium for dependents.

The plan does not issue a stand-alone financial report.

Funding Policy

The OGB has not set up a trust to prefund benefits. Benefits are funded on a "pay-as-you-go" basis, under which contributions to the plan are generally made at about the same time and in about the same amount as benefit payments become due.

Total OPEB Liability

The total OPEB liability of \$2,115,062 is based on a July 1, 2023, actuarial valuation, rolled forward to a September 30, 2024, measurement date through the use of a roll-forward method. Liabilities are adjusted for the passage of time by adding normal costs minus benefit payments, all adjusted with interest. Since there is no trust associated with the OPEB liability, the plan does not have a fiduciary net position to pay benefit payments expected to be paid within one year.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.40%
Salary Increases	2.6% to 13.8%, based upon the Louisiana State Employees' Retirement System ("LASERS") - regular members
Discount rate municipal bond index rate	Current valuation: 4.09% based on the June 30, 2022 S&P 20-year municipal bond index rate.
Healthcare cost trend rates	Post-Medicare: 5.50% for 2022 - 2023, thereafter decreasing 0.10% per year through 2032, to an ultimate rate of 4.5% for 2033 and later years Pre-Medicare: 7.00% for 2022 - 2023, thereafter decreasing 0.25% per year through 2032, to an ultimate rate of 4.5% for 2033 and later years. The initial trend rate was developed using the National Health Care Trend Survey; the ultimate trend was developed using a building block approach which considers Consumer Price index, Gross Domestic Product, and technology growth. The retiree contribution trend: Same as medical and drug trend.
Healthcare claims costs	Per capita costs for the self-insured plans administered by Blue Cross Blue Shield were based on medical and prescription drug claims for retired participants for the period January 1, 2021 through December 31, 2022. Claims experience was trended to the valuation date. Per capita costs for the fully insured HMO and Medicare Advantage plans were based on calendar year 2023 premiums adjusted to the valuation date using the trend assumptions above.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Mortality

Mortality assumptions are consistent with the LASERS pension plan assumptions.

<u>Groups</u>	<u>Description</u>
(1) Active	The RP-2014 Blue Collar Employee Table, adjusted by 0.978 for males and 1.144 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.
(2) Healthy Retiree Lives	The RP-2014 Blue Collar Healthy Annuitant Table, adjusted by 1.280 for males and RP-2014 White Collar Healthy Annuitant Table, adjusted by 1.417 for females, projected from 2014 on a fully generational basis by Mortality Improvement Scale MP-2018.
(3) Disabled Retiree Lives	The RP-2000 Disabled Retiree Mortality Table, adjusted by 1.009 for males and 1.043 for females, not projected with mortality improvement.

Participation Rate:

Medical: The percentage of employees and their dependents currently covered for medical coverage who are assumed to participate in the retiree medical plan is outlined in the table below. This assumption is based on a review of OPEB experience from July 1, 2017, through June 30, 2020. Active participants who have been covered continuously under the OGB medical plan since before January 1, 2002, are assumed to participate at a rate of 88%. This rate assumes that a one-time irrevocable election to participate is made at the time of retirement. This assumption is consistent with the prior valuation.

<u>Years of service</u>	<u>Participation %</u>
Under 10 years	33%
10-14 years	60%
15-19 years	80%
20 plus years	88%

Life Insurance: Future retirees are assumed to participate in the life insurance benefit at a rate of 36%. This assumption is based on a review of OPEB experience from July 1, 2017, to June 30, 2020. Future retirees are assumed to elect a total of \$45,000 in basic and supplemental life insurance coverage before any age reductions. Spouses are assumed to elect \$2,000 of coverage.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of September 30, 2023	\$ 2,017,283
Changes for the year:	
Service cost	111,833
Interest on Total OPEB Liability	86,410
Differences between expected and actual experience	(168,304)
Changes in assumptions or other inputs	100,984
Benefit payments	(33,144)
Net changes	<u>97,779</u>
Total OPEB Liability as of September 30, 2024	<u>\$ 2,115,062</u>

Changes in assumptions and other inputs:

The discount rate increased from 2.18% in 2021 (the prior valuation) to 4.09% in 2022 (the current valuation), which decreased the liability.

Baseline per capita costs and medical plan election percentages were updated to reflect 2022 claims and enrollment. Plan claims and premiums increased less than expected, which further decreased the liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09%) or 1 percentage point higher (5.09%) than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	\$ 2,473,656	\$ 2,115,062	\$ 1,827,227

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The trend of the effects of price inflation and utilization on gross eligible medical and prescription drug charges are presented in the table below. The total OPEB liability of the OGB Plan, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher for pre-65 participants and for post-65 participants are shown below:

	Trend Rate Less 1%	Current Healthcare Cost Trend Rate	Trend Rate Plus 1%
Pre-65 rates	6.00% decreasing to 3.50%	7.00% decreasing to 4.50%	8.00% decreasing to 5.50%
Post 65 rates	4.50% decreasing to 3.50%	5.50% decreasing to 4.50%	6.50% decreasing to 5.50%
Total OPEB liability	\$ 1,809,386	\$ 2,115,062	\$ 2,501,099

Retiree contribution trend: Same as medical trend.

OPEB Expense:

For the fiscal year ended September 30, 2024, the Authority recognized total OPEB expense for the OGB Plan of negative \$307,064.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

Deferred Inflows/Outflows of Resources Related to OPEB

At September 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB for the OGB Plan from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ 177,636	\$ 492,758
Difference between expected and actual experience	-	533,075
Employer OPEB benefit payments made subsequent to measurement period	34,037	-
Total	<u>\$ 211,673</u>	<u>\$ 1,025,833</u>

Deferred outflows of resources for employer benefit payments made subsequent to the measurement date in the OGB plan in the amount of \$34,037 will be recognized as a reduction of total OPEB liability during the year ending September 30, 2025. The remaining amounts reported as deferred inflows of resources related to the OPEB plan will be recognized as follows:

Year ended September 30:

2025	\$(328,041)
2026	\$(265,904)
2027	\$(243,033)
2028	\$ (11,220)
2029	\$ -
Thereafter	\$ -

NOTE 9 – NOTES PAYABLE

In February of 2012, the Authority obtained a loan from Capital One Public Funding, LLC for \$3,461,000. The loan was issued to finance subsequent loans to EBRPHA Development 1, LP and EBRPHA Development 2, LP to assist in the development of two low-income townhouse communities. Principal and interest payments are paid out of the Authority's Capital Fund Program. The loan bears interest at a rate of 7.1% and matures in March of 2029. The Authority has pledged a first priority security interest to Capital One Public Finance, LLC in the Capital Fund Program grant funds to secure the loan. Interest expense incurred on the loan during the fiscal year was \$101,915. The outstanding balance as of September 30, 2024, was \$1,302,621. Future debt principal and interest payments are as follows:

	Primary Government		
	Principal	Interest	Total
For the year ending 9/30/2025	\$ 260,331	\$ 84,123	\$ 344,454
For the year ending 9/30/2026	279,428	65,026	344,454
For the year ending 9/30/2027	299,926	44,528	344,454
For the year ending 9/30/2028	321,927	22,527	344,454
For the year ending 9/30/2029	141,009	2,513	143,522
	<u>\$ 1,302,621</u>	<u>\$ 218,717</u>	<u>\$ 1,521,338</u>

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 10 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has mitigated this risk by obtaining insurance coverage from commercial insurance companies. Premiums paid for insurance coverage are recorded as expenses of the funds affected. The various insurance policies are subject to deductible amounts and maximum coverages. If the deductibles and maximums are exceeded, this could cause the Authority to suffer losses if a loss is incurred from any such incidents. The ultimate outcome of uninsured losses cannot presently be determined, and no provision for any liability that may result, if any, has been made in the financial statements. During the current year and the prior three years, settled claims have not exceeded coverage levels, and insurance coverage, by major categories of risk, is consistent with prior year.

NOTE 11 – CONCENTRATION OF RISK

The Authority receives most of its funding from HUD. These funds and grants are subject to modification by HUD depending on availability of funding.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed from these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

B. Pending Litigations

The Authority is involved in the following pending lawsuits:

The Authority is involved in a personal injury case with a high likelihood of being dismissed.

The Authority is involved in a wrongful termination and retaliation matter filed in the 19th JDC that is being handled by Louisiana Housing Council, Inc. outside counsel, John Ellinghausen.

The Authority is involved in a slip and fall matter filed on May 3, 2024, in the 19th JDC that is being handled by Louisiana Housing Council, Inc outside counsel, John Ellinghausen.

The Authority intends to vigorously defend itself in all litigation. The Authority's potential liability in these matters, if any, cannot yet be determined.

NOTE 13 – RESTRICTED NET POSITION

Restricted net position in the amount of \$309,238 relates to cash restricted for the replacement reserve bank accounts for Autumn Place and Will Creek properties that are reported under the Business Activities program. In addition, \$559,000 is restricted related to reserve accounts for River South under Blended Component Units. \$39,977 relates to excess Housing Assistance Payments ("HAP") funds available to the Authority under the Emergency Housing Voucher Program. Total restricted net position for the Authority at September 30, 2024 amounted to \$908,215.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 14 – BLENDED COMPONENT UNITS

Condensed combining information for the Authority's blended component units, EBRP Housing Authority Holdings, Inc. and River South Phase I, for the year ended September 30, 2024, is presented below. As EBRP Housing Authority Holdings, Inc. has 99.99% ownership of River South Phase I and had no other activity during the year, only one set of financials are presented as follows:

CONDENSED STATEMENT OF NET POSITION
September 30, 2024

ASSETS

Current assets	\$ 828,821
Capital assets, net of depreciation	<u>1,676,275</u>
 Total assets	 <u>2,505,096</u>

LIABILITIES

Current liabilities	97,567
Noncurrent liabilities	<u>2,339</u>
 Total liabilities	 <u>99,906</u>

NET POSITION

Net investment in capital assets	1,676,275
Restricted	559,000
Unrestricted	<u>169,915</u>
 Total net position	 <u><u>\$ 2,405,190</u></u>

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 14 – BLENDED COMPONENT UNITS (Continued)

CONDENSED STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
September 30, 2024

OPERATING REVENUES (EXPENSES)

Operating revenues	\$ 158,059
Operating expenses	(147,582)
Depreciation expense	<u>(339,103)</u>
Operating income (loss)	(328,626)

NONOPERATING REVENUES (EXPENSES)

Nonoperating revenues	6,132
Nonoperating expenses	<u>-</u>
Income (loss) before transfers	(322,494)
Operating transfers	<u>5,028</u>
Change in net position	(317,466)
Total net position - beginning of the year	<u>2,722,656</u>
Total net position - end of the year	<u><u>\$ 2,405,190</u></u>

CONDENSED STATEMENT OF CASH FLOWS
September 30, 2024

NET CASH PROVIDED (USED) BY:

Operating activities	\$ 102,456
Investing activities	<u>6,132</u>
Net increase (decrease) in cash and cash equivalents	108,588
Cash balances - beginning of the year	<u>692,288</u>
Cash balances - end of the year	<u><u>\$ 800,876</u></u>

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS

Condensed financial statements for each of the Authority’s discretely presented component units who had audited financial statements available for the fiscal year ended September 30, 2024 for Partners for Progress, Inc., and for the year ended December 31, 2023 for all the below Limited Partnerships, is presented below. Complete financial statements of the below listed component units can be obtained by contacting Mr. J. Wesley Daniels, Jr., Chief Executive Office, East Baton Rouge Parish Housing Authority, (225) 923-8150.

**Condensed Financial Statements – Discretely Presented Component Units
Statement of Net Position**

	Partners for Progress, Inc. September 30, 2024	Brookstown Place Partnership ALPIC December 31, 2023	Cedar Pointe Subdivision, LP December 31, 2023	Wesley Chapel Development, LP December 31, 2023	EBRPHA Development 1, LP December 31, 2023	EBRPHA Development 2, LP December 31, 2023	EBRPHA Development 4, LP December 31, 2023	River South Development, LP December 31, 2023	Cypress at Gardere, LP December 31, 2023	Total
ASSETS										
Current assets	\$ 4,124,522	\$ 161,419	\$ 1,513,681	\$ 698,350	\$ 417,904	\$ 432,496	\$ 326,789	\$ 218,215	\$ 1,058,755	\$ 8,952,131
Capital assets, net	292,500	2,766,981	8,068,160	6,662,251	5,847,275	5,858,321	4,388,087	8,232,459	20,206,633	62,322,667
Other noncurrent assets	7,513,544	-	66,300	57,165	46,862	45,282	14,877	173,940	72,397	7,990,367
Total assets	11,930,566	2,928,400	9,648,141	7,417,766	6,312,041	6,336,099	4,729,753	8,624,614	21,337,785	79,265,165
LIABILITIES										
Current liabilities - notes payable due to primary gov't	3,067,725	-	-	-	-	-	-	-	-	3,067,725
Current liabilities - other	18,826	34,906	114,794	180,161	134,325	121,109	46,130	115,110	135,283	900,644
Noncurrent liabilities - accrued interest due to primary gov't	-	-	-	-	385,811	377,838	122,954	130,227	-	1,016,830
Noncurrent liabilities - notes payable due to primary gov't	-	-	-	-	1,534,570	1,475,000	400,000	794,806	-	4,204,376
Noncurrent liabilities - other	716,863	1,197,266	2,291,338	3,466,459	2,220,829	2,188,103	660,232	3,167,703	15,499,197	31,407,990
Total liabilities	3,803,414	1,232,172	2,406,132	3,646,620	4,275,535	4,162,050	1,229,316	4,207,846	15,634,480	40,597,565
NET POSITION										
Net investment in capital assets	292,500	1,917,833	5,792,389	5,212,653	1,678,984	1,809,011	3,373,714	4,223,465	5,259,782	29,560,331
Restricted	-	108,998	788,095	605,407	351,706	360,107	304,051	95,599	723,639	3,337,602
Unrestricted	7,834,652	(330,603)	661,525	(2,046,914)	5,816	4,931	(177,328)	97,704	(280,116)	5,769,667
Total net position	\$ 8,127,152	\$ 1,696,228	\$ 7,242,009	\$ 3,771,146	\$ 2,036,506	\$ 2,174,049	\$ 3,500,437	\$ 4,416,768	\$ 5,703,305	\$ 38,667,600

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 15 – DISCRETELY PRESENTED COMPONENT UNITS (Continued)

**Condensed Financial Statements – Discretely Presented Component Units
Statement of Revenues, Expenses, and Changes in Fund Net Position**

	Brookstown				EBRPHA	EBRPHA	EBRPHA			
	Partners for Progress, Inc. September 30, 2024	Place Partnership ALPIC December 31, 2023	Cedar Pointe Subdivision, LP December 31, 2023	Wesley Chapel Development, LP December 31, 2023	Development 1, LP December 31, 2023	Development 2, LP December 31, 2023	Development 4, LP December 31, 2023	River South Development, LP December 31, 2023	Cypress at Gardere, LP December 31, 2023	Total
OPERATING REVENUES	\$ 1,898,230	\$ 324,293	\$ 951,399	\$ 596,750	\$ 420,496	\$ 434,598	\$ 267,393	\$ 488,131	\$ 1,112,294	\$ 6,493,584
OPERATING EXPENSES										
Depreciation and amortization	-	122,847	346,659	254,202	260,956	255,596	185,401	318,942	606,128	2,350,731
Other	398,200	238,163	613,115	559,996	375,035	395,953	345,449	320,581	699,474	3,945,966
Operating income (loss)	1,500,030	(36,717)	(8,375)	(217,448)	(215,495)	(216,951)	(263,457)	(151,392)	(193,308)	196,887
NONOPERATING REVENUES (EXPENSES)										
Nonoperating revenues	13,123	234	9,821	694	3,523	3,597	2,905	112	2,023	36,032
Nonoperating expenses	(2,929)	(64,051)	(170,263)	(136,934)	(115,044)	(110,202)	(16,161)	(208,313)	(1,685,988)	(2,509,885)
Income (loss) before special items	1,510,224	(100,534)	(168,817)	(353,688)	(327,016)	(323,556)	(276,713)	(359,593)	(1,877,273)	(2,276,966)
Special items, net gain (loss)	-	-	-	-	-	-	-	-	6,715,160	6,715,160
Change in net position	1,510,224	(100,534)	(168,817)	(353,688)	(327,016)	(323,556)	(276,713)	(359,593)	4,837,887	4,438,194
Total net position - beginning of the year	6,616,928	1,796,762	7,410,826	4,124,834	2,363,522	2,497,605	3,777,150	4,776,361	865,418	34,229,406
Total net position - end of the year	\$ 8,127,152	\$ 1,696,228	\$ 7,242,009	\$ 3,771,146	\$ 2,036,506	\$ 2,174,049	\$ 3,500,437	\$ 4,416,768	\$ 5,703,305	\$ 38,667,600

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 16 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT

Wesley Chapel Development, LP

The East Baton Rouge Parish Housing Authority, an affiliate of the General Partner, has paid certain operating and development costs on behalf of the Partnership. At December 31, 2023, and 2022, \$119,237 and \$119,237, respectively, was due to the East Baton Rouge Parish Housing Authority.

EBRPHA Development 1, LP

The Partnership leases land from the East Baton Rouge Housing Authority, an affiliate of the General Partner, under an agreement that is an operating lease. The Term of the lease is ninety-nine (99) years commencing on December 13, 2011. Annual rent shall be one-dollar (\$1.00) per annum for the first eighty (80) years of the lease. The rent will be adjusted on the date that is eighty (80) years from the commencement date of the lease and every fifteen (15) years thereafter to the then fair market rent.

In January 2012, the Partnership received a subordinate mortgage loan (the 'HA Loan') in the original principal amount of \$209,000 from the East Baton Rouge Parish Housing Authority which is evidenced by a mortgage note given by the Partnership to the Housing Authority. The term of the loan is forty (40) years at an annual interest rate of two (2%), compounded annually. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. On December 31, 2023 and 2022, the balance of the loan was \$209,000 and \$209,000, respectively, and accrued interest was \$44,832 and \$39,855, respectively.

In January 2012, the Partnership received a subordinate mortgage loan (the 'CFFP Loan') in the original principal amount of \$1,500,570 from the East Baton Rouge Parish Housing Authority (Housing Authority). The loan is for a term of forty (40) years and will be due in full and payable on or before February 1, 2052. The loan will accrue interest at two (2%), compounded annually, and is evidenced by a mortgage note given by the Partnership to the Housing Authority. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). During 2013, \$175,000 was released from the Guarantor Reserve to pay down the principal balance of the loan. The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023 and 2022, the balance of the loan was \$1,325,570 and \$1,325,570, respectively, and accrued interest was \$340,979 and \$308,302, respectively.

During 2011, East Baton Rouge Parish Housing Authority (EBRPHA), an affiliate of the General Partner, advanced funds in the amount of \$180,509 to the Partnership to fund construction costs. At December 31, 2023 and 2022, the Partnership owed EBRPHA \$13,056 and \$13,056, respectively. During 2023, an affiliate paid insurance premiums of \$16,533 for the Partnership. At December 31, 2023, the Partnership owes the affiliate \$16,533.

EBRPHA Development 2, LP

The Partnership leases land from the East Baton Rouge Housing Authority, an affiliate of the General Partner, under an agreement that is an operating lease. The Term of the lease is ninety-nine (99) years commencing on December 13, 2011. Annual rent shall be one dollar (\$1.00) per annum for the first eighty (80) years of the lease. The rent will be adjusted on the date that is eighty (80) years from the commencement date of the lease and every fifteen (15) years thereafter to the then fair market rent.

In January 2012, the Partnership received a subordinate mortgage loan (the 'HA Loan') in the original principal amount of \$209,000 from the East Baton Rouge Parish Housing Authority which is evidenced by a mortgage note given by the Partnership to the Housing Authority. The term of the loan is forty (40) years at an annual interest rate of two (2%), compounded annually. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, and 2022, the balance of the loan was \$209,000 and \$209,000 and accrued interest was \$50,677 and \$45,585, respectively.

In January 2012, the Partnership received a subordinate mortgage loan (the 'CFFP Loan') in the original principal amount of \$1,441,000 from the East Baton Rouge Parish Housing Authority (Housing Authority). The loan is for a term of forty (40) years and will be due in full and payable on or before February 1, 2052. The loan will accrue interest at two (2%), compounded annually, and is evidenced by a mortgage note given by the Partnership to the Housing Authority. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). During 2013, \$175,000 was released from the Guarantor Reserve to pay down the principal balance of the loan. The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, and 2022, the balance of the loan was \$1,266,000, and \$1,266,000 and accrued interest was \$327,161 and \$295,923, respectively.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

NOTE 16 – TRANSACTIONS WITH DISCRETELY PRESENTED COMPONENT UNIT(Continued)

EBRPHA Development 4, LP

On September 17, 2014, the Partnership received a subordinate mortgage loan (the 'HA Loan') in the original principal amount of \$400,000 from the East Baton Rouge Parish Housing Authority (Housing Authority). The loan is for a term of fifteen (15) years and will be due in full and payable on twenty years (20) from the date of advance. The loan will accrue interest at two and ninety-four hundredths' percent (2.94%), compounded annually, and is evidenced by a mortgage note given by the Partnership to the Housing Authority. The loan is non-recourse to the Partnership and the Partners (other than customary non-recourse carve-out provisions which have been consented to by the Special Limited Partner). The Partnership shall make payments to the Lender from available Surplus Cash as set forth in the Partnership Agreement. At December 31, 2023, the balance of the loan was \$400,000 and accrued interest was \$122,954.

River South Development, LP

On August 21, 2017, the Partnership received a Loan in the amount of \$794,806 from the Housing Authority of the Parish of East Baton Rouge, Louisiana ('Lender') that is partially sourced from Replacement Housing Factor funds from the United States Department of Housing and Urban Development (HUD). All amounts outstanding hereunder shall be due in full on or before August 21, 2057 (the 'Maturity Date'). This loan is non-recourse to the Partnership and the Partners, and which will be held by parties who are not 'related parties.' The advanced and funded unpaid principal balance of this loan shall accrue interest at the applicable federal rate per annum. As of December 31, 2023, this rate was 2.58%. The Partnership shall make annual payments to the Lender from the Borrower's Net Cash flow as set forth in the Partnership Agreement. At December 31, 2023, the balance of the loan was \$794,806 and accrued interest was \$130,227. Maturities of the notes for the five years succeeding the year end cannot be determined since payments are derived from cash flows.

Cypress at Gardere, LP

On April 1, 2021, the Company entered into a ground lease agreement with the Housing Authority of the Parish of East Baton Rouge, Louisiana, for the use and occupancy of the land and premises. Terms of the lease commenced on April 1, 2021, and will continue for 75 years thereafter. The lease has an annual rent of \$10. The entire lease has been prepaid as of the lease commencement date.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

Unrestricted net position was decreased by \$3,500,205 to properly state opening balances due to errors in prior periods. The Housing Choice Voucher program required a prior period adjustment decreasing unrestricted net position by \$562,495 to properly state the opening balance to unrestricted cash. The Business Activities program required a prior period adjustment to increase unrestricted net position by \$247,821 to properly state the opening balances for unrestricted cash. The Choice Neighborhood Grants program required a prior period adjustment increasing unrestricted net position by \$728,399 to properly state opening balances for notes receivable and accounts receivable due from HUD. The Central Office Cost Center required a prior period adjustment decreasing unrestricted net position by \$3,913,930 to report beginning balances related to the Authority's OPEB plan, to properly state opening cash balances, and to properly state opening balance for inter-program activity. These events had no effect on the Authority's current year income.

NOTE 18 – SUBSEQUENT EVENTS

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about the conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Authority through June 26, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTE 19 – FINANCIAL DATA SCHEDULE

The Authority prepares its financial data schedule in accordance with HUD requirements in a prescribed format. The schedule's format excludes extraordinary (non-routine) maintenance, housing assistance payments, and depreciation expense from operating activities and includes investment revenue, interest expense (capital debt related), and capital grant revenue in operating activities, which differs from the presentation of the basic financial statements.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF CHANGES IN THE AUTHORITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
YEAR ENDED SEPTEMBER 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB liability										
Service cost at end of year	\$ 111,833	\$ 202,822	\$ 153,484	\$ 152,189	\$ 215,896	\$ 232,483	\$ 249,449	\$ -	\$ -	\$ -
Interest	86,410	72,467	75,726	84,745	111,328	115,077	98,479	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(168,304)	(529,323)	(54,225)	(424,370)	(466,952)	(127,541)	-	-	-	-
Changes in assumptions or other inputs	100,984	(844,723)	260,508	(20)	(490,548)	(138,320)	(280,937)	-	-	-
Benefit payments	(33,144)	(10,523)	(4,524)	(4,423)	(4,329)	(7,359)	(7,359)	-	-	-
Net change in total OPEB liability	97,779	(1,109,280)	430,969	(191,879)	(634,605)	74,340	59,632	-	-	-
Total OPEB liability—beginning	2,017,283	3,126,563	2,695,594	2,887,473	3,522,078	3,447,738	3,388,106	-	-	-
Total OPEB liability—ending	<u>\$ 2,115,062</u>	<u>\$ 2,017,283</u>	<u>\$ 3,126,563</u>	<u>\$ 2,695,594</u>	<u>\$ 2,887,473</u>	<u>\$ 3,522,078</u>	<u>\$ 3,447,738</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll*	\$ 4,271,525	\$ 3,460,646	\$ 3,431,190	\$ 3,229,015	\$ 3,114,286	\$ 2,756,686	\$ 2,863,030			
Authority's net OPEB liability as a percentage of covered-employee payroll	49.52%	58.29%	91.12%	83.48%	92.72%	127.76%	120.42%			

* Employer's covered payroll during the measurement period is the total covered payroll. For FY 2024 the measurement period is October 2023 – September 30, 2024.

Notes to Schedule:

a. Employee contributions are illustrated above as zero since employer contributions are illustrated net of employee contributions.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Grant / Passthrough Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development Direct Program			
Public Housing Operating Fund	14.850	N/A	\$ 3,260,598
Section 8 Mod Rehab Single Room Occupancy	14.249	N/A	127,512
Public Housing Capital Fund Program	14.872	N/A	2,527,642
Housing Voucher Cluster			
House Choice Voucher	14.871	N/A	42,404,161
Total Housing Voucher Cluster			42,404,161
Emergency Housing Voucher	14.871	N/A	615,815
Choice Neighborhood Planning Grants	14.892	N/A	5,745,121
Total U.S. Department of Housing and Urban Development Direct Program			54,680,849
Total Federal Awards Expended			\$ 54,680,849

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-001 – Financial Reporting – Material Weaknesses in Internal Control over Financial Reporting

Condition:

There were adjusting journal entries provided by management during the course of the audit as well as multiple iterations of the trial balance being audited. Additionally, the SEFA prepared by management was not complete and did not agree to the final trial balance. This is indicative of a lack of internal controls over the financial reporting and financial close processes.

Adjustments required and errors noted include the following:

- Correction entries for material transactions impacting cash
- Correction entries for material transactions impacting accounts receivable
- Correction entries for material transactions impacting prepaid assets
- Correction entries for material transactions impacting inter-program due to and due from
- Correction entries for material transactions impacting capital assets, including buildings, accumulated depreciation, and construction in progress
- Correction entries for material transactions impacting notes receivable
- Correction entries for material transactions impacting accounts payable
- Correction entries for material transactions impacting salaries and benefits expenses and accruals
- Correction entries for material transactions impacting HUD revenues, receivables and payables
- Correction entries for material transactions impacting unearned revenues
- Correction entries for material transactions impacting long-term debt
- Correction entries for material transactions impacting net position
- Correction entries for material transactions impacting other revenue
- Correction entries for material transactions impacting expenses
- Correction entries for material transactions impacting transfers
- Accounts payable were not reconciled as of fiscal year end
- Revolving fund was not properly reconciled between programs as of fiscal year end, resulting in a large payable from COCC to Public Housing
- Corrections to the Schedule of Expenditure of Federal Awards (SEFA)

Criteria or Specific Requirement:

The Internal Control-Integrated Framework (COSO Report) requires adequate internal controls over financial reporting to ensure that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and demonstrate compliance with laws, regulations, and other compliance requirements. Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

2 CFR part 200.303 requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, provides a framework for organizations to design, implement, and evaluate controls that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

2 CFR Subpart D 200.302(1) and 200.303(a) stipulate that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the Assistance Listing Number title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity. The auditee must establish and maintain effective internal control over Federal awards that provides reasonable assurance that the auditee is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in the "Standards for Internal Control in the Federal Government," issued by the Controller General of the United States, and the "Internal Control-Integrated Framework," issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO).

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-001 – Financial Reporting – Material Weaknesses in Internal Control over Financial Reporting (Continued)

<i>Effect:</i>	Ineffective controls over the financial reporting process could result in inaccurate account balances that require a restatement, a significant number of audit adjustments, or a lack of timely and accurate financial information. Inaccurate reporting to HUD could adversely affect the Authority's funding and result in decision-making based on incorrect information.
<i>Cause:</i>	The Authority did not properly establish and implement sufficient internal controls over financial reporting to ensure the timely and accurate recording of financial transactions.
<i>Repeat Finding:</i>	The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-001.
<i>Recommendations:</i>	The Authority should evaluate their financial reporting processes and controls to determine whether additional controls over the preparation of annual financial statements can be implemented to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. We recommend that the Authority review their current procedures for reconciliations and monthly/year-end close procedures and evaluate the number of staff assigned to various accounting functions to ensure that staffing is appropriate to ensure accurate and timely financial reporting.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	The Authority had no disagreement with this audit finding. Finance still experienced turnover and was short-staffed. Their newly acquired HR company helped hire a Senior Staff Accountant that started in May 2024. The new CFO was only with the company for the last 3 months of the fiscal year, so coupled with learning the makeup of the whole agency and antiquated software, the learning curve was slow at first. Finance cut down adjusting entries by fifty but still had to make reclass and adjusting entries to true up accounts. Working with staff to get coding correct from the beginning, but they have had little to no guidance for over a year and a half.
<i>Current Year Status:</i>	See current year finding 2024-001.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-002 – Delay in Issuance of Financial Reporting - Significant Deficiency in Internal Control over Financial Reporting

<i>Condition:</i>	The audit report was completed after the LLA statutory deadline of March 31 of the year following the fiscal year-end. Additionally, the unaudited financial data schedule was submitted to HUD's REAC system after the statutory deadline of 60 days after the Authority's fiscal year end.
<i>Criteria or Specific Requirement:</i>	State Law requires the audit report be completed and submitted to the Legislative Auditor by March 31 of the year following the fiscal year end. The Uniform Financial Reporting Standards (24 CFR section 5.801) require Public Housing Authorities (PHAs) to submit timely GAAP-based unaudited financial information electronically to HUD via the Real Estate Assessment Center (REAC) within 60 days of the PHAs fiscal year end.
<i>Effect:</i>	The Authority is not compliant with State Law.
<i>Cause:</i>	The audit report was delayed due to significant staffing turnover at the Authority that resulted in additional processing time to handle audit requests.
<i>Repeat Finding:</i>	The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-011.
<i>Recommendations:</i>	The Authority should ensure there is enough staffing to meet the demands of financial reporting requirements.
<i>Views of Responsible Officials and Planned Corrective Actions:</i>	There is no disagreement with the finding. Now that staff is in place and working on setting up processes that should cut year end prep considerably and allow the audit to get completed in a timely manner.
<i>Current Year Status:</i>	The Authority's management has effectively implemented the necessary changes to remediate these issues; therefore, the finding will not be repeated.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-003 – Special Tests – Annual HQS and Quality Control Inspections - Significant Deficiency in Internal Control over Compliance, Other Matters

<i>Criteria or Specific Requirement:</i>	The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS), and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).
<i>Condition:</i>	During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with failed HQS inspection requirements.
<i>Questioned Costs:</i>	None.
<i>Context:</i>	During testing of a sample of 60 units for annual HQS inspections and 26 units for HQS quality control (QC) re-inspections, it was noted that 13 files did not comply with compliance requirements. • 3 instances where the Authority failed to perform biennial inspections of a unit. • 10 instances where the Authority failed to conduct the quality control re-inspection within 90 days of the initial inspection.
<i>Cause:</i>	The Authority did not sufficiently monitor staff and internal controls to ensure compliance with HQS inspection requirements.
<i>Effect:</i>	The Authority is not in compliance with federal regulations regarding HQS inspections.
<i>Repeat Finding:</i>	No.
<i>Recommendation:</i>	We recommend that management review their controls for conducting HQS biennial and quality control re-inspections and ensure compliance standards are met.
<i>Views of Responsible Officials:</i>	There is no disagreement with the audit finding. Previously, staff used a 90-day window to select Quality Control samples. Doing so caused some QC inspections to be completed past the regulatory time period. Going forward, staff are selecting the sample size from a 45-day window. This allows sufficient time to complete the QC inspection within the regulatory time period.
<i>Current Year Status:</i>	See current year finding 2024-005.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-004 – Special Tests – Top of the Waiting List - Significant Deficiency in Internal Control over Compliance, Other Matters

Criteria or Specific Requirement:

The PHA must have written policies in its HCVP administrative plan for selecting applicants from the waiting list, and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. Except as provided in 24 CFR section 982.203 Special admission (non-waiting list), all families admitted to the program must be selected from the waiting list. "Selection" from the waiting list generally occurs when the PHA notifies a family whose name reaches the top of the waiting list to come in to verify eligibility for admission (24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207).

Per Section 16-III.B. Informal Reviews, Scheduling and Informal Review the PHA policy states, "A request for an informal review must be made in writing and delivered to the PHA either in person or by first class mail, by the close of the business day, no later than 10 business days from the date of the PHA's denial of assistance. The PHA must schedule and send written notice of the informal review within 30 business days of the family's request".

Condition:

During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with waiting listing requirements. Per the Authority's Administrative Plan, when an applicant requests informal review, the Authority must send written notice of the informal review within 30 days of the applicant's request.

Questioned Costs:

None.

Context:

During testing of a sample of 40 tenant files, it was noted that 1 file did not comply with compliance requirements.

- 1 file where the Authority failed to grant informal review at applicant's request.

Cause:

The Authority does not have internal controls to ensure compliance with the waiting list requirements. The Authority is behind schedule on scheduling informal reviews due to the pandemic and office being closed.

Effect:

The Authority is not in compliance with their administrative plan and HUD requirements.

Repeat Finding:

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-003.

Recommendation:

We recommend that the Authority reviews their standard procedures to ensure requests for informal reviews are granted and notified to the applicant within 30 days of the receipt of the request.

Views of Responsible Officials:

There is no disagreement with the audit finding. The Agency hired a dedicated Hearing Officer following last year's audit. Unfortunately, during the period in question, the Hearing Officer went on maternity leave and then subsequently left the position resulting in a delay in completing hearings and reviews. The Agency has since contracted with a third party to conduct hearings and reviews in a timely manner.

Current Year Status:

The Authority's management has effectively implemented the necessary changes to remediate these issues; therefore, the finding will not be repeated.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-005 – Eligibility - Material Weakness in Internal Control over Compliance, Material Noncompliance (Modified Opinion)

Criteria or Specific Requirement:

PHAs devise their own application forms that are filled out by the PHA staff during an interview with the tenant. The head of household signs (a) a certification that the information provided to the PHA is correct; (b) one or more release forms to allow the PHA to get information from third parties; (c) a federally prescribed general release form for employment information; and (d) a privacy notice. Under some circumstances, other members of the family may be required to sign these forms (24 CFR sections 5.212, 5.230, and 5.601 through 5.615).

The PHA must do the following:

- (1) As a condition of admission or continued occupancy, require the tenant and other family members to provide necessary information, documentation, and releases for the PHA to verify income eligibility (24 CFR sections 5.230, 5.609, and 960.259).
- (2) For both family income examinations and reexaminations, obtain and document in the family file third party verification of (a) reported family annual income, (b) the value of assets, (c) expenses related to deductions from annual income, and (d) other factors that affect the determination of adjusted income or income-based rent (24 CFR section 960.259).
- (3) Determine income eligibility and calculate the tenant's rent payment using the documentation from third party verification in accordance with 24 CFR Part 5, Subpart F (24 CFR sections 5.601 et seq., and 24 CFR sections 960.253, 960.255, and 960.259).
- (4) Select tenants from the public housing waiting list (see III.N.2, "Special Tests and Provisions – Public Housing Waiting List") (24 CFR sections 960.206 and 960.208).
- (5) Reexamine family income and composition at least once every 12 months and adjust the tenant rent and housing assistance payment as necessary using the documentation from third party verification (24 CFR sections 960.253, 960.257, and 960.259).

(a) The Rental Demonstration program prohibits PHAs from rescreening or requiring a tenant recertification due solely to a RAD conversion. However, this requirement does not eliminate the normally scheduled recertification (normally annually). Recertifications required to be performed as part of the normal tenant recertification process that occur after the RAD conversion, but before the end of the calendar year, will be conducted under the selected conversion program (PBV or PBRA) and not Public Housing. These recertifications are to be conducted to ensure that tenant payments are appropriate under the new program. Any testing that results in an audit finding should be a finding of the PBV or PBRA program and not of the public housing program.

(b) Eligible beneficiaries are lower income families, which include citizens or eligible immigrants. "Families" include, but are not limited to, (1) a family with or without children; (2) an elderly family (head, spouse, or sole member 62 years or older); (3) near-elderly family (head, spouse, or sole member 50 years old but less than 62 years old); (4) a disabled family; (5) a displaced family; (6) the remaining member of a tenant family; or (7) a single person who is not elderly, near-elderly, displaced, or a person with disabilities.

Condition:

During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with eligibility requirements.

Questioned Costs:

\$7,936

Context:

During our testing of a sample of 60 tenant files, it was noted that 20 files did not comply with compliance requirements.

- 1 instance where the income reported on the 50058 were not supported within the tenant file.
- 2 instances where the expenses reported on the 50058 were not supported within the tenant file.
- 3 instances where the housing authority failed to calculate the correct HAP/TAP
- 19 instances where the housing authority did not review the family income, assets and expenses on an annual basis.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-005 – Eligibility - Material Weakness in Internal Control over Compliance, Material Noncompliance (Modified Opinion)
(Continued)

Cause: The Authority failed to provide adequate monitoring and oversight to ensure compliance with HUD rules and regulations, as well as their administrative policy.

Effect: The Authority is not in compliance with federal regulations regarding eligibility, including the calculation of tenant rent, HAP, and verification of the tenants' income.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-004.

Recommendation: We recommend that management review their controls over recertifications and ensure compliance standards for eligibility of tenants and HAP calculations are met. We also recommend management should designate one person to review a sample of the files that have been recertified each month. The purpose of the review is to determine if the tenant files were prepared in accordance with internal policies and verify the compliance deficiencies have been corrected.

Views of Responsible Officials: There is no disagreement with the audit finding. Following CLA's recommendation, SVP of Housing Choice will audit a random sample of 10 files on a monthly basis. Agency working with Human Resources contractor to fill open staff positions.

Current Year Status: See current year finding 2024-003.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-006 – Reporting – PIC - Significant Deficiency in Internal Control over Compliance, Other Matters

<i>Criteria or Specific Requirement:</i>	HUD-50058, Family Report (OMB No. 2577-0083) – The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA’s jurisdiction under portability (24 CFR Part 908 and 24 CFR section 982.158).
<i>Condition:</i>	During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with reporting requirements regarding submissions of HUD-50058’s into the PIC system for 2 out of 40 files tested.
<i>Questioned Costs:</i>	None.
<i>Context:</i>	During testing of a sample of 60 HUD 50058 forms, it was noted that 2 files did not comply with compliance requirements. • 1 HUD-50058 form was not submitted into the PIC system within the regulatory period of 90 days. • 1 HUD-50058 form was submitted into the PIC system, however, it returned with a fatal error that was not corrected by the housing authority.
<i>Cause:</i>	The Authority did not have internal controls to ensure compliance with the reporting requirements over submitting the required forms into the PIC system.
<i>Effect:</i>	The Authority is not in compliance with federal regulations regarding the submission of the HUD-50058 to PIC. The inaccurate data could potentially effect determination of HAP funding.
<i>Repeat Finding:</i>	The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-005.
<i>Recommendation:</i>	We recommend that the person assigned to submit the 50058s to PIC assures a quality control review is performed on the submissions to ensure timely and accurate reporting.
<i>Views of Responsible Officials:</i>	There is no disagreement with the audit finding. Following CLA’s recommendation, SVP of Housing Choice will audit a random sample of 50058 submissions to PIC each month to ensure that all submissions are accurate in PIC. Additionally, the Agency is transitioning to Yardi software which should eliminate many of the submission issues caused by current enterprise software.
<i>Current Year Status:</i>	See current year finding 2024-004.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-007 – Allowable Costs – Operating Fund - Significant Deficiency in Internal Control over Compliance, Other Matters

<i>Criteria or Specific Requirement:</i>	The Operating Fund was established for the purpose of making assistance available to PHAs for the operation and management of public housing. Transfers out of the Operating Fund can only occur in very limited circumstances, such as when PHAs participate in the Moving to Work Demonstration Program (Assistance Listing 14.881) authorized by 204(c)(1) of Title II of the Omnibus Consolidated Rescissions and Appropriations Act of 1996, Pub. L. No. 104-134, 110 Stat. 1321-282. This would preclude PHAs from using Operating Funds to provide temporary loans to other programs within the PHA. Timing differences in a pooled cash environment would not be considered as temporary loans. Inter-fund transactions indicate the existence of temporary loans. Interfund receivables are recorded on FDS line 144 (Inter program – due from). In particular, inter-fund receivables should be reviewed to determine whether they are satisfied on a timely basis. In addition, FDS lines 10020 (Operating Transfers Out) and 10094 (Transfers Between Programs and Projects – Out) could indicate whether transfers out of the Operating Fund have been made. If PHAs have transferred funding out of the Operating Fund, proper authorization from HUD should be documented (42 USC 1437g(e)).
<i>Condition:</i>	During testing, it was noted that the Authority did not properly monitor and reconcile its revolving fund between programs.
<i>Questioned Costs:</i>	Unknown.
<i>Context:</i>	During our testing over inter-program accounts, it was noted that the COCC has amounts due to public housing under FDS lines 347 and 144 in the amount of \$3,571,589. This is a result of the Authority using a revolving fund for expenses.
<i>Cause:</i>	The Authority failed to properly monitor and reconcile its revolving fund between programs.
<i>Effect:</i>	The Authority is not in compliance with requirements regarding use of operating funds.
<i>Repeat Finding:</i>	The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-010.
<i>Recommendation:</i>	We recommend that the Authority establishes procedures to properly reconcile the revolving fund cash account to ensure that cash and inter-program accounts are properly reported at the program level.
<i>Views of Responsible Officials:</i>	There is no disagreement with the audit finding. There are procedures in place to settle inter-funds if possible.
<i>Current Year Status:</i>	See current year finding 2024-002.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

2023-008 – Special Tests – Formula Income - Significant Deficiency in Internal Control over Compliance, Other Matters

<i>Criteria or Specific Requirement:</i>	The formula income is used to calculate the Operating Fund Revenue for each PHA. This calculation is generally based on prepopulated data calculated by HUD. However, in some cases Formula Income is not prepopulated. For further guidance, review Formula Income Guidance the Operating Fund Web Page, the Annual Operating Subsidy Processing Notice and 24 CFR 990.195(d).
<i>Condition:</i>	The HUD 52723 forms used for calculating subsidy contained errors. The Authority reported PILOT balances they did not have.
<i>Questioned Costs:</i>	\$91,552.
<i>Context:</i>	The Authority is required to complete HUD 52723 forms as part of their process of applying for subsidy. During this process, the Authority reported PILOT balances erroneously.
<i>Cause:</i>	The Authority failed to maintain proper controls over their HUD 52723 forms.
<i>Effect:</i>	The Authority received additional HUD funding in excess of what they would have otherwise received.
<i>Recommendation:</i>	We recommend that the Authority reviews their controls over submitting forms to HUD to ensure they contain accurate information.
<i>Views of Responsible Officials:</i>	There is no disagreement with the audit finding. New CFO is preparing a Subsidy Calculation procedure so new staff will be aware of what is eligible and non-eligible transactions for preparing forms.
<i>Current Year Status:</i>	The Authority's management has effectively implemented the necessary changes to remediate these issues; therefore, the finding will not be repeated.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? x Yes No

Are any significant deficiencies identified? Yes x None Reported

Is any noncompliance material to financial statements noted? Yes x No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? x Yes No

Are any significant deficiencies identified? x Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Housing Voucher Cluster - Qualified,
ALN 14.872 - Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x Yes No

Identification of major federal programs or clusters:

Housing Voucher Cluster
ALN 14.872 - Public Housing Capital Fund Program

Dollar threshold used to distinguish between type A and type B programs: \$1,640,425

Auditee qualified as low-risk auditee? Yes x No

Section II - Financial Statement Findings

See pages 50 and 55

Section III - Federal Award Findings

See pages 51-54

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-001 – Material Weaknesses in Internal Controls over Financial Reporting

Condition and Criteria:

During our audit, it was determined that material misstatements were made to the current financial statements resulting from material weaknesses in internal controls over the financial reporting process.

In our testing of cash, notes receivable, grant revenues, capital assets, net of depreciation, housing assistance payments (HAP) expense, accrued payroll liabilities, other post-employment benefits (OPEB) balances, and net position we found instances of material misstatements due to errors in accounting and financial reporting. The Authority failed to identify material misstatements in the financial statements, to properly prepare bank reconciliations, failed to properly report notes receivable balances, to properly reconcile grant revenues, to properly record capital asset activity, to reconcile housing assistance payments and number of vouchers leased to the VMS data collection report, to properly accrued wages and payroll taxes payable, to record net OPEB liability, deferred inflows of resources, and deferred outflows of resources, to properly roll forward and present net position balances, and to substantiate prior period adjustments through their monitoring controls.

A *control deficiency* 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 of the financial statements on a timely basis. AU Section 265 states that deficiencies in controls over the period-end financial reporting process, including controls over procedures used to enter transactions totals into the general ledger; initiate, authorize, record and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements, are ordinarily at least significant deficiencies.

Cause:

The Authority's internal controls over the financial reporting process that were in place were not being properly implemented. The Authority also went through a software conversion during the year that caused many financial reporting complications.

Effect:

The Authority's financial statements required material current year adjustments. Account balances requiring material adjustments included cash, notes receivable, grant revenues, capital assets, net of depreciation, accrued payroll payable, accrued OPEB liability, deferred outflows of resources, deferred inflows of resources, HAP expense, and net position.

Auditor's Recommendation:

We recommend that the Authority's management and accounting / finance department continue to review the internal controls over financial reporting to improve the detection and correction of misstatements. We also recommend that the Authority perform an analytical comparison of their current and prior year-end financial statements to help ensure that year-end financial reporting is accurate and complete. Lastly, we recommend that the Authority hire outside financial consultants to assist in correcting the financial reporting control deficiencies and assist in ensuring that the accounting and reporting are performed accurately and completely.

Grantee Response:

Management acknowledges the finding and is following the auditor's recommendations.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-002 ALN 14.871 – Housing Voucher Cluster – Activities Allowed or Unallowed

Condition and Criteria: The Authority operates several distinct programs. Allocated expenses are paid from the Public and Indian housing funds and reimbursed using inter-program accounts. Reimbursement between programs was not made timely and has caused an increase in inter-program receivables and payables over time.

Cash management is the process of managing the Authority to optimize its use of funds. This process involves the timing of receipts and disbursements to assure the availability of funds to meet expenditures and to maximize the yield from the investment of temporary surplus funds. The Authority incurred unallowable activities relating to the handling of inter-program balances between the various programs due to poor cash management controls.

Amount of Questioned Costs: None

Context: The Authority's management failed to ensure inter-program advances were reimbursed properly and timely between its various federal and nonfederal programs. Programs with excessive inter-program balances include the Public Housing Operating Fund, Housing Choice Voucher, Revitalization of Severely Distressed Public Housing, Choice Neighborhoods Planning Grants, and COCC programs.

Cause: The Authority has a lack of internal controls over cash management and has not been regularly monitoring and reconciling inter-program activities between their various federal and nonfederal programs.

Effect: Various programs do not have sufficient unrestricted cash to satisfy inter-program balances. The lack of cash to cover inter-program imbalances can limit the liquidity and operational flexibility of the program. There is an increased risk of non-compliance with federal guidelines.

Auditor's Recommendation: We recommend that the Authority settle inter-program balances on a monthly basis and implement a process to review net cash balances during its budgetary procedures to reduce the risk of further noncompliance. Further, the Authority needs to implement stricter processes around inter-program balances to ensure the Authority can properly assess cash balances at a program level.

Grantee Response: The Chief Executive Officer agrees with the finding and will follow the Auditor's recommendation.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-003 ALN 14.871 – Housing Voucher Cluster – Eligibility

Condition and Criteria: The Authority is required to adhere to eligibility compliance requirements for all tenants participating in the housing program. Specifically:

- Birth certificates, social security cards, and citizenship declaration forms must be maintained for all tenants as part of the eligibility documentation.
- The Enterprise Income Verification (EIV) system must be used at least annually to verify tenant income and prevent overpayment.
- The calculation of tenant assistance payments must include all sources of income, including child support payments.
- The utility allowance amount reported on the HUD-50058 form must reflect accurate and current data in accordance with HUD requirements.

During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with eligibility requirements.

Amount of Questioned Costs: None

Context: During our testing of a sample of 40 tenant files, it was noted that 11 files did not meet eligibility compliance requirements.

- 2 instances of files missing birth certificates, social security cards, or citizenship declaration forms.
- 3 instances where an EIV report was not ran within the current year. This is required to be produced at least once annually.
- 1 instance where the assistance payment was incorrectly calculated as child support payments were not included in the tenant's income.
- 5 instances where the Authority did not report the correct utility allowance amount on the 50058 forms.

Cause: The Authority failed to provide adequate monitoring and oversight to ensure compliance with HUD rules and regulations, as well as their administrative policy.

Effect: The Authority is not in compliance with federal regulations regarding eligibility.

Auditor's Recommendation: We recommend that management review their controls over recertifications and ensure compliance standards for the eligibility provision and HAP calculations are met. We also recommend that management should designate one person to review a sample of the files that have been recertified each month. The purpose of the review is to determine if the tenant files were prepared in accordance with internal policies and verify the compliance deficiencies have been corrected.

Grantee Response: The Chief Executive Officer agrees with the finding and will follow the Auditor's recommendation

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-004 ALN 14.871 – Housing Voucher Cluster – Reporting

<i>Condition and Criteria:</i>	HUD-50058, Family Report (OMB No. 2577-0083) – The PHA is required to submit this form electronically to HUD each time the PHA completes an admission, annual reexamination, interim reexamination, portability move-in, or other change of unit for a family. The PHA must also submit the Family Report when a family ends participation in the program or moves out of the PHA’s jurisdiction under portability (24 CFR Part 908 and 24 CFR section 982.158). Additionally, HUD requires PHAs to accurately report financial and leasing data in the Voucher Management System (VMS) and ensure that this data reconciles with the Financial Data Schedule (FDS). Proper reconciliation between these reports is necessary for accurate financial reporting and compliance with HUD funding requirements. During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with reporting requirements regarding submissions of HUD-50058’s into the PIC system for 6 out of 40 files tested. Additionally, the Authority did not properly reconcile the Voucher Management System (VMS) report to the Financial Data Schedule (FDS). Discrepancies were noted between the two reports, indicating a lack of proper reconciliation procedures. These inconsistencies could lead to inaccurate financial reporting and potential noncompliance with HUD requirements. The differences may be due to errors in data entry, timing issues, or misclassification of financial transactions.
<i>Amount of Questioned Costs:</i>	None
<i>Context:</i>	During testing of a sample of 40 HUD-50058 forms, it was noted that 6 forms were not accurately prepared. • 1 HUD-50058 form incorrectly calculated the amount of assistance received as child support payments were not included in income. • 5 HUD-50058 forms reported the incorrect utility allowance amount. The VMS data collection report contained several material variances from the unaudited FDS submission.
<i>Cause:</i>	The Authority did not have internal controls to ensure compliance with the reporting requirements over submitting the required forms into the PIC system. Additionally, the Authority lacked a structured reconciliation process between the VMS report and the FDS, leading to reporting discrepancies.
<i>Effect:</i>	The Authority is not in compliance with federal regulations regarding the submission of the HUD-50058 to PIC. The inaccurate data could potentially affect the determination of HAP funding. Furthermore, the failure to reconcile the VMS report to the FDS could result in financial misstatements and impact funding calculations.
<i>Auditor’s Recommendation:</i>	We recommend that the Authority performs quality control reviews on the 50058 submissions to ensure timely and accurate reporting. Additionally, the Authority should implement a reconciliation process to ensure that the financial data reported in the VMS aligns with the FDS. This process should include periodic reviews, detailed variance analysis, and appropriate documentation to support reported amounts. Staff should receive training on proper reconciliation techniques and HUD reporting requirements to prevent future discrepancies.
<i>Grantee Response:</i>	The Chief Executive Officer agrees with the finding and will follow the Auditor's recommendation

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-005 ALN 14.871 – Housing Voucher Cluster – Special Tests – HQS Enforcement

Condition and Criteria: The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

During testing, it was noted that the Authority did not have adequate internal controls designed to ensure compliance with failed HQS inspection requirements.

Amount of Questioned Costs: None

Context: During testing of a sample of 40 units for HQS enforcement, it was noted that 6 files did not comply with compliance requirements. These tenants who failed inspections were missing HUD-52580-A inspection forms. We were unable to obtain sufficient evidence that these failed HQS inspections were followed up with a reinspection within the allowed numbers of days or that the HQS inspection had finally passed at some point. Therefore, we were unable to determine if the Authority took proper steps to abate Housing Assistance Payments or enforce family obligations when appropriate.

Cause: The Authority did not sufficiently monitor staff and internal controls to ensure compliance with HQS inspection requirements. The Authority was transitioning to a new data collection system and during this period of transition, inspections were written down on the back of letters & previous inspection reports. The actual prescribed HUD inspection form did not exist for these failed inspections.

Effect: The Authority is not in compliance with federal regulations regarding HQS inspections.

Auditor's Recommendation: We recommend that management review their controls for conducting HQS inspections and ensure compliance standards are met. We also recommend that staff receive appropriate training to be able to navigate the new software system properly. Lastly, we recommend that the Authority contacts the software vendor or IT service to resolve any remaining issues with the software system.

Grantee Response: The Chief Executive Officer agrees with the finding and will follow the Auditor's recommendation.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2024

2024-006 – Material Weaknesses in Internal Controls over Payroll Reporting

Condition and Criteria:

During our audit of the Authority's payroll expenses, we identified a significant discrepancy between payroll expenses recorded in the general ledger and reported on the FDS versus the amounts reported on the IRS Form 941s. Specifically:

- Payroll expense per the general ledger / FDS: \$4,271,525
- Payroll expense per Form 941s: \$3,571,987
- Unexplained variance: \$699,538

We reviewed detailed payroll cycles, posting patterns, and scanned the balance sheet accounts for any large or unusual off-setting entries (e.g., payroll accruals, reclasses, or reversals) that may explain the variance. No such entries or reconciling items were identified. In addition, no payroll entries were observed outside of the normal payroll cycles. The Authority's consulting team also compared projected payroll budgets to actual general ledger payroll expenses and noted several significant variances by program and by period; however, these differences were not offset by corresponding balance sheet entries.

Under 2 CFR 200.302(a), non-Federal entities must maintain effective internal controls over Federal awards that provide reasonable assurance that the entity is managing the award in compliance with Federal statutes, regulations, and the terms and conditions of the award. Additionally, sound accounting principles require that payroll expenses recorded in the general ledger and reported on the Financial Data Schedule (FDS) be reconcilable to amounts reported on the IRS Form 941 quarterly filings.

Cause:

The variance appears to be the result of inadequate internal controls within the finance department over the payroll reporting process, leading to either (1) misreporting of payroll expenses on the FDS or (2) inaccurate reporting on the quarterly 941 returns. Due to time constraints and the complexity of the issue, the discrepancy could not be resolved by the end of the audit fieldwork.

Effect:

This lack of reconciliation and unresolved discrepancy increases the risk of material misstatement in the financial statements and may result in noncompliance with Federal financial reporting requirements. It also raises concerns about the accuracy of payroll-related reporting used for program budgeting, cost allocation, and drawdowns.

Auditor's Recommendation:

We recommend that the Authority take immediate action to investigate and resolve the \$699,538 variance between the FDS payroll expenses and the Form 941 reports. Specifically, we recommend that the Authority work closely with the existing consulting team to perform a detailed reconciliation of payroll data, including a review of all payroll registers, journal entries, and tax filings. In addition, we recommend that the Authority engage external fee accounting assistance with public housing experience to assist in identifying root causes and implementing sustainable corrections to ensure accurate payroll reporting going forward. Lastly, we recommend that the Authority implement additional internal control procedures over payroll reconciliations, including documented periodic reviews and reconciliations between payroll records, general ledger postings, and IRS submissions.

Grantee Response:

Management acknowledges the finding and is following the auditor's recommendations.

To the Board of Commissioners
Housing Authority of East Baton Rouge Parish

Independent Accountant's Report

We have performed the procedures enumerated below, which was agreed to by the Housing Authority of East Baton Rouge Parish ("the Authority") and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package for the year ended September 30, 2024. The Authority's management is responsible for accuracy and completeness of the electronic submission for the year ended September 30, 2024.

The Authority has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of whether the electronic submission of certain information agrees with related hard copy documents included within the Single Audit reporting package. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

We compared the electronic submission of the items listed in the chart below under "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The results of the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

We were engaged by the Authority to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and, if applicable, the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States, and/or any other standards or requirements to be followed. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the electronic submission of the items listed in the "UFRS Rule Information" column in the chart below for the year ended September 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Procedure	UFRS Rule Information	Hard Copy Documents	Agrees	Does Not Agree
1	Balance Sheet and Revenue and Expense	Financial Data Schedule, all CFDA's, If applicable	X	
2	Footnotes	Footnotes to audited basic financial statements	X	
3	Type of opinion on FDS	Auditor's supplemental report on FDS	X	
4	Audit findings narrative	Schedule of Findings and Questioned Costs	X	
5	General Information	OMB Data Collection Form	X	
6	Financial Statement report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
7	Federal program report information	Schedule of Findings and Questioned Costs, Part 1 and OMB Data Collection Form	X	
8	Type of Compliance Requirement	OMB Data Collection Form	X	
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	X	

Henderson & Pilleteri, LLC

Birmingham, AL
June 26, 2025

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2024

	Project Total	6.1 Component Unit - Discretely Presented	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14 KEDHAP-KE	1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.DV/Disaster Voucher Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	97.109 Disaster Housing Assistance Grant	14.EHV/ Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
111 Cash - Unrestricted	\$0	\$2,506,614		\$236,001	\$890,295	\$145,156		\$2,503	\$557,775	\$97,607			\$106,224	\$298,857	\$0	\$4,841,032		\$4,841,032
112 Cash - Restricted - Modernization and Development																		
113 Cash - Other Restricted		\$3,337,602		\$559,000		\$309,238							\$111,622			\$4,317,462		\$4,317,462
114 Cash - Tenant Security Deposits	\$178,916	\$124,602		\$5,875				\$3,590								\$312,983		\$312,983
115 Cash - Restricted for Payment of Current Liabilities																		
100 Total Cash	\$178,916	\$5,968,818	\$0	\$800,876	\$890,295	\$454,394	\$0	\$6,093	\$557,775	\$97,607	\$0	\$0	\$217,846	\$298,857	\$0	\$9,471,477	\$0	\$9,471,477
121 Accounts Receivable - PHA Projects																		
122 Accounts Receivable - HUD Other Projects	\$493,842	\$801	\$0							\$1,131,314				\$24,920		\$1,650,877		\$1,650,877
124 Accounts Receivable - Other Government																		
125 Accounts Receivable - Miscellaneous		\$2,647,657	\$2,064,529	\$18,131		\$35,518									\$2,801,433	\$7,567,268		\$7,567,268
126 Accounts Receivable - Tenants	\$341,653	\$69,207		\$12,821				\$149,391		\$33,170						\$606,242		\$606,242
126.1 Allowance for Doubtful Accounts - Tenants	(\$68,377)	(\$6,292)		(\$3,007)				(\$89,205)		(\$3,366)						(\$170,267)		(\$170,267)
126.2 Allowance for Doubtful Accounts - Other	\$0	(\$95,542)	\$0	\$0		\$0				\$0				\$0	\$0	(\$95,542)		(\$95,542)
127 Notes, Loans, & Mortgages Receivable - Current																		
128 Fraud Recovery																		
128.1 Allowance for Doubtful Accounts - Fraud																		
129 Accrued Interest Receivable																		
120 Total Receivables, Net of Allowances for Doubtful Accounts	\$767,118	\$2,615,831	\$2,064,529	\$27,945	\$0	\$35,518	\$0	\$60,186	\$0	\$1,161,098	\$0	\$0	\$0	\$24,920	\$2,801,433	\$9,558,578	\$0	\$9,558,578
131 Investments - Unrestricted																		
132 Investments - Restricted																		
135 Investments - Restricted for Payment of Current Liability																		
142 Prepaid Expenses and Other Assets	\$485,751	\$367,482								\$897,575					\$361,484	\$1,912,292		\$1,912,292
143 Inventories															\$450,261	\$450,261		\$450,261
143.1 Allowance for Obsolete Inventories															(\$15,728)	(\$15,728)		(\$15,728)
144 Inter Program Due From	\$2,462,268		\$1,003,668					\$50,953		\$1,134,949					\$1,255,656	\$5,907,494	(\$5,907,494)	\$0
145 Assets Held for Sale																		
150 Total Current Assets	\$3,694,063	\$8,952,131	\$3,068,197	\$828,821	\$890,295	\$489,912	\$0	\$117,232	\$557,775	\$3,091,229	\$0	\$0	\$217,846	\$323,777	\$4,853,106	\$27,284,374	(\$5,907,494)	\$21,376,880
161 Land	\$2,344,884	\$1,096,183		\$160,337		\$3,178,766	\$2,207,295								\$597,905	\$9,585,370		\$9,585,370
162 Buildings	\$31,888,974	\$72,533,527		\$6,739,462			\$1,089,080			\$390,646					\$1,246,045	\$113,887,734		\$113,887,734
163 Furniture, Equipment & Machinery - Dwellings																		
164 Furniture, Equipment & Machinery - Administration	\$282,810	\$4,426,405		\$2,117			\$19,197			\$190,303					\$182,320	\$5,103,152		\$5,103,152
165 Leasehold Improvements	\$5,296,231	\$6,711,733					\$206,069								\$676,667	\$12,890,700		\$12,890,700
166 Accumulated Depreciation	(\$32,511,902)	(\$22,445,181)		(\$5,225,641)			(\$1,059,380)			(\$578,985)					(\$1,827,914)	(\$63,649,003)		(\$63,649,003)
167 Construction in Progress	\$102,524		\$2,427,418			\$213,801									\$388,299	\$3,132,042		\$3,132,042
168 Infrastructure																		
160 Total Capital Assets, Net of Accumulated Depreciation	\$7,403,521	\$62,322,667	\$2,427,418	\$1,676,275	\$0	\$3,392,567	\$2,462,261	\$0	\$0	\$1,964	\$0	\$0	\$0	\$0	\$1,263,322	\$80,949,995	\$0	\$80,949,995
171 Notes, Loans and Mortgages Receivable - Non-Current	\$400,000	\$7,513,544	\$2,129,702			\$3,386,376									\$401,721	\$13,831,343		\$13,831,343
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due																		
173 Grants Receivable - Non Current																		
174 Other Assets		\$476,823								\$0					\$7,938	\$484,761		\$484,761
176 Investments in Joint Ventures																		
180 Total Non-Current Assets	\$7,803,521	\$70,313,034	\$4,557,120	\$1,676,275	\$0	\$6,778,943	\$2,462,261	\$0	\$0	\$1,964	\$0	\$0	\$0	\$0	\$1,672,981	\$95,266,099	\$0	\$95,266,099

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – BALANCE SHEET
SEPTEMBER 30, 2024

	Project Total	6.1 Component Unit - Discretely Presented	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.1 KEDHAP-KE	1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.DVP Disaster Voucher Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	97.109 Disaster Housing Assistance Grant	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELM	Total
200 Deferred Outflow of Resources															\$211,673	\$211,673		\$211,673
290 Total Assets and Deferred Outflow of Resources	\$11,697,574	\$79,265,165	\$7,625,317	\$2,505,096	\$890,295	\$7,268,855	\$2,462,261	\$117,232	\$557,775	\$3,093,193	\$0	\$0	\$217,846	\$323,777	\$6,737,780	\$122,762,146	(\$5,907,494)	\$116,854,652
311 Bank Overdraft																		
312 Accounts Payable <= 90 Days		\$148,536	\$22,046	\$1,150		\$5,312		\$2,477		\$55,121					\$226,437	\$461,079		\$461,079
313 Accounts Payable >90 Days Past Due	\$6,173															\$6,173		\$6,173
321 Accrued Wage/Payroll Taxes Payable	\$36,516	\$111,023	\$5,860	\$420						\$72,800				\$1,722		\$228,341		\$228,341
322 Accrued Compensated Absences - Current Portion	\$3,025	\$1,219	\$908	\$280				\$129		\$10,184			\$232	\$68	\$4,614	\$20,639		\$20,639
324 Accrued Contingency Liability																		
325 Accrued Interest Payable		\$68,120														\$68,120		\$68,120
331 Accounts Payable - HUD PHA Programs	\$22,334															\$22,334		\$22,334
332 Account Payable - PHA Projects																		
333 Accounts Payable - Other Government																		
341 Tenant Security Deposits	\$178,916	\$123,060		\$5,875				\$3,590								\$311,441		\$311,441
342 Unearned Revenue	\$52,558	\$41,860	\$187,620					\$2,329					\$71,645			\$356,012		\$356,012
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	\$260,331	\$180,427														\$440,758		\$440,758
344 Current Portion of Long-term Debt - Operating Borrowings																		
345 Other Current Liabilities	\$62,058	\$3,067,725														\$3,129,783		\$3,129,783
346 Accrued Liabilities - Other	\$493,842	\$225,399								\$11,468						\$730,709		\$730,709
347 Inter Program - Due To	\$0	\$0		\$89,862		\$30,289	\$907,627			\$1,282,499					\$3,597,217	\$5,907,494	(\$5,907,494)	\$0
348 Loan Liability - Current																		
310 Total Current Liabilities	\$1,115,753	\$3,968,369	\$216,434	\$97,567	\$0	\$35,601	\$907,627	\$8,525	\$0	\$1,432,072	\$0	\$0	\$71,877	\$1,790	\$3,828,268	\$11,683,883	(\$5,907,494)	\$5,776,389
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$1,042,290	\$32,581,909														\$33,624,199		\$33,624,199
352 Long-term Debt, Net of Current - Operating Borrowings																		
353 Non-current Liabilities - Other		\$4,036,311														\$4,036,311		\$4,036,311
354 Accrued Compensated Absences - Non Current	\$32,090	\$10,976	\$8,173	\$2,339				\$1,156		\$91,653			\$2,087	\$615	\$41,526	\$190,615		\$190,615
355 Loan Liability - Non Current																		
356 FASB 5 Liabilities																		
357 Accrued Pension and OPEB Liabilities															\$2,115,062	\$2,115,062		\$2,115,062
350 Total Non-Current Liabilities	\$1,074,380	\$36,629,196	\$8,173	\$2,339	\$0	\$0	\$0	\$1,156	\$0	\$91,653	\$0	\$0	\$2,087	\$615	\$2,156,588	\$39,966,187	\$0	\$39,966,187
300 Total Liabilities	\$2,190,133	\$40,597,565	\$224,607	\$99,906	\$0	\$35,601	\$907,627	\$9,681	\$0	\$1,523,725	\$0	\$0	\$73,964	\$2,405	\$5,984,856	\$51,650,070	(\$5,907,494)	\$45,742,576
400 Deferred Inflow of Resources															\$1,025,833	\$1,025,833		\$1,025,833
508.4 Net Investment in Capital Assets	\$6,100,900	\$29,560,331	\$2,427,418	\$1,676,275		\$3,392,567	\$2,462,261			\$1,964	\$0	\$0	\$0		\$1,263,322	\$46,885,038		\$46,885,038
511.4 Restricted Net Position	\$0	\$3,337,602		\$559,000		\$309,238	\$0				\$0	\$0	\$39,977			\$4,245,817		\$4,245,817
512.4 Unrestricted Net Position	\$3,406,541	\$5,769,667	\$4,973,292	\$169,915	\$890,295	\$3,531,449	(\$907,627)	\$107,551	\$557,775	\$1,567,504	\$0	\$0	\$103,905	\$321,372	(\$1,536,251)	\$18,955,388		\$18,955,388
513 Total Equity - Net Assets / Position	\$9,507,441	\$38,667,600	\$7,400,710	\$2,405,190	\$890,295	\$7,233,254	\$1,554,634	\$107,551	\$557,775	\$1,569,468	\$0	\$0	\$143,882	\$321,372	(\$272,929)	\$70,086,243	\$0	\$70,086,243
600 Total Liabilities, Deferred Inflows of Resources and Equity - Net	\$11,697,574	\$79,265,165	\$7,625,317	\$2,505,096	\$890,295	\$7,268,855	\$2,462,261	\$117,232	\$557,775	\$3,093,193	\$0	\$0	\$217,846	\$323,777	\$6,737,780	\$122,762,146	(\$5,907,494)	\$116,854,652

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2024

	Project Total	6.1 Component Unit - Discretely Presented	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.IKE DHAP- IKE	1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.DVP Disaster Voucher Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	97.109 Disaster Housing Assistance Grant	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELIM	Total
70300 Net Tenant Rental Revenue	\$1,907,228	\$4,532,504		\$57,796				\$99,603							\$40,200	\$6,637,331		\$6,637,331
70400 Tenant Revenue - Other	\$84,551	\$59,004														\$143,555		\$143,555
70500 Total Tenant Revenue	\$1,991,779	\$4,591,508	\$0	\$57,796	\$0	\$0	\$0	\$99,603	\$0	\$0	\$0	\$0	\$0	\$0	\$40,200	\$6,780,886	\$0	\$6,780,886
70600 HUD PHA Operating Grants	\$5,290,331		\$3,317,703							\$41,817,384			\$615,815	\$127,512		\$51,168,745		\$51,168,745
70610 Capital Grants	\$497,909		\$2,427,418													\$2,925,327		\$2,925,327
70710 Management Fee															\$1,206,303	\$1,206,303	(\$1,206,303)	\$0
70720 Asset Management Fee															\$69,850	\$69,850	(\$69,850)	\$0
70730 Book Keeping Fee															\$358,631	\$358,631	(\$358,631)	\$0
70740 Front Line Service Fee																		
70750 Other Fees															\$0	\$0		\$0
70700 Total Fee Revenue															\$1,634,784	\$1,634,784	(\$1,634,784)	\$0
70800 Other Government Grants		\$1,389,313		\$100,263												\$1,489,576		\$1,489,576
71100 Investment Income - Unrestricted		\$36,032		\$6,132		\$18									\$58	\$42,240		\$42,240
71200 Mortgage Interest Income																		
71300 Proceeds from Disposition of Assets Held for Sale																		
71310 Cost of Sale of Assets																		
71400 Fraud Recovery										\$24,408						\$24,408		\$24,408
71500 Other Revenue	\$9,922	\$512,763					\$19,197	\$2,275		\$409,815			\$10,248		\$1,382,421	\$2,346,641		\$2,346,641
71600 Gain or Loss on Sale of Capital Assets																		
72000 Investment Income - Restricted																		
70000 Total Revenue	\$7,789,941	\$6,529,616	\$5,745,121	\$164,191	\$0	\$18	\$19,197	\$101,878	\$0	\$42,251,607	\$0	\$0	\$626,063	\$127,512	\$3,057,463	\$66,412,607	(\$1,634,784)	\$64,777,823
91100 Administrative Salaries	\$483,934	\$553,341	\$304,941							\$1,696,220				\$41,865	\$940,787	\$4,021,088		\$4,021,088
91200 Auditing Fees	\$87,018	\$70,358		\$1,570						\$74,958					\$26,748	\$260,652		\$260,652
91300 Management Fee	\$618,771	\$307,900								\$587,532					\$1,514,203	(\$1,206,303)	\$307,900	
91310 Book-keeping Fee	\$49,474									\$309,157						\$358,631	(\$358,631)	\$0
91400 Advertising and Marketing	\$31,715	\$9,898		\$518						\$62,861					\$36,828	\$141,820		\$141,820
91500 Employee Benefit contributions - Administrative	\$44,704	\$97,371								\$240,378				\$6,360	\$131,776	\$520,589		\$520,589
91600 Office Expenses	\$480,342	\$159,680	\$8,376	\$9,264						\$68,051					\$150,381	\$876,094		\$876,094
91700 Legal Expense	\$66,758	\$60,055								\$16,911					\$20,552	\$164,276		\$164,276
91800 Travel	\$36,001	\$24,731								\$22,015					\$14,001	\$96,748		\$96,748
91810 Allocated Overhead																		
91900 Other	\$47,952	\$167,218	\$585,013	\$739						\$449,518			\$4,312		\$193,893	\$1,448,645		\$1,448,645
91000 Total Operating - Administrative	\$1,946,669	\$1,450,552	\$898,330	\$12,091	\$0	\$0	\$0	\$0	\$0	\$3,527,601	\$0	\$0	\$4,312	\$48,225	\$1,514,966	\$9,402,746	(\$1,564,934)	\$7,837,812
92000 Asset Management Fee	\$69,850															\$69,850	(\$69,850)	\$0
92100 Tenant Services - Salaries	\$145,926			\$2,841						\$2,634						\$151,401		\$151,401
92200 Relocation Costs																		
92300 Employee Benefit Contributions - Tenant Services	\$18,269			\$438						\$381						\$19,088		\$19,088
92400 Tenant Services - Other	\$35,084	\$16,627	\$158,071													\$209,782		\$209,782
92500 Total Tenant Services	\$199,279	\$16,627	\$158,071	\$3,279	\$0	\$0	\$0	\$0	\$0	\$3,015	\$0	\$0	\$0	\$0	\$0	\$380,271	\$0	\$380,271
93100 Water	\$110,070	\$88,217		\$396				\$135		\$145					\$1,091	\$200,054		\$200,054
93200 Electricity	\$558,562	\$158,068		\$2,376				\$82		\$4,308					\$20,132	\$743,528		\$743,528
93300 Gas	\$105,055	\$82						\$85		\$373					\$1,218	\$106,813		\$106,813

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2024

	Project Total	6.1 Component Unit - Discretely Presented	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.IKE DHAP- IKE	1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.DVP Disaster Voucher Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	97.109 Disaster Housing Assistance Grant	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELJM	Total
93400 Fuel																		
93500 Labor																		
93600 Sewer	\$382,041	\$15,065		\$741				\$340		\$339					\$1,474	\$400,000		\$400,000
93700 Employee Benefit Contributions - Utilities																		
93800 Other Utilities Expense	\$144,043	\$41,079		\$797				\$423							\$2,632	\$188,974		\$188,974
93900 Total Utilities	\$1,299,771	\$302,511	\$0	\$4,310	\$0	\$0	\$0	\$1,065	\$0	\$5,165	\$0	\$0	\$0	\$0	\$26,547	\$1,639,369	\$0	\$1,639,369
94100 Ordinary Maintenance and Operations - Labor	\$576,520	\$193,244		\$6,662											\$69,195	\$845,621		\$845,621
94200 Ordinary Maintenance and Operations - Materials and Other	\$351,642	\$33,087		\$3,020				\$200		\$24						\$387,973		\$387,973
94300 Ordinary Maintenance and Operations Contracts	\$2,211,852	\$834,487		\$44,490				\$9,038		\$24,249					\$213,977	\$3,338,093		\$3,338,093
94500 Employee Benefit Contributions - Ordinary Maintenance	\$73,675	\$14,780		\$987											\$7,169	\$96,611		\$96,611
94600 Total Maintenance	\$3,213,609	\$1,075,598	\$0	\$55,159	\$0	\$0	\$0	\$9,238	\$0	\$24,273	\$0	\$0	\$0	\$0	\$290,341	\$4,668,298	\$0	\$4,668,298
95100 Protective Services - Labor																		
95200 Protective Services - Other Contract Costs	\$147,571			\$6,149											\$13,120	\$166,840		\$166,840
95300 Protective Services - Other																		
95500 Employee Benefit Contributions - Protective Services																		
95600 Total Protective Services	\$147,571	\$0	\$0	\$6,149	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,120	\$166,840	\$0	\$166,840
96110 Property Insurance	\$1,016,021	\$860,668		\$64,771											\$33,614	\$1,975,074		\$1,975,074
96120 Liability Insurance	\$18,449	\$3,089		\$750						\$88,931					\$18,140	\$129,359		\$129,359
96130 Workmen's Compensation	\$45,930	\$4,943		\$548						\$56,399			\$230	\$46	\$36,462	\$144,558		\$144,558
96140 All Other Insurance	\$42,653	\$24,592		\$525						\$3,964					\$107,579	\$179,313		\$179,313
96100 Total Insurance Premiums	\$1,123,053	\$893,292	\$0	\$66,594	\$0	\$0	\$0	\$0	\$0	\$149,294	\$0	\$0	\$230	\$46	\$195,795	\$2,428,304	\$0	\$2,428,304
96200 Other General Expenses	\$19,580	\$89,582	\$577					\$22,152		\$7,857			\$12,616			\$152,364		\$152,364
96210 Compensated Absences																		
96300 Payments in Lieu of Taxes		\$82,519														\$82,519		\$82,519
96400 Bad debt - Tenant Rents	\$223,591	\$35,285		\$0				\$2,255		\$0						\$261,131		\$261,131
96500 Bad debt - Mortgages																		
96600 Bad debt - Other																		
96800 Severance Expense																		
96900 Total Other General Expenses	\$243,171	\$207,386	\$577	\$0	\$0	\$0	\$0	\$24,407	\$0	\$7,857	\$0	\$0	\$12,616	\$0	\$0	\$496,014	\$0	\$496,014
96710 Interest of Mortgage (or Bonds) Payable		\$2,437,805														\$2,437,805		\$2,437,805
96720 Interest on Notes Payable (Short and Long Term)	\$101,915	\$72,080														\$173,995		\$173,995
96730 Amortization of Bond Issue Costs																		
96700 Total Interest Expense and Amortization Cost	\$101,915	\$2,509,885	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,611,800	\$0	\$2,611,800
96900 Total Operating Expenses	\$8,344,968	\$6,455,851	\$1,056,978	\$147,582	\$0	\$0	\$0	\$34,710	\$0	\$3,717,205	\$0	\$0	\$17,158	\$48,271	\$2,040,769	\$21,863,492	(\$1,634,784)	\$20,228,708
97000 Excess of Operating Revenue over Operating Expenses	(\$555,027)	\$73,765	\$4,688,143	\$16,609	\$0	\$18	\$19,197	\$67,168	\$0	\$38,534,402	\$0	\$0	\$608,905	\$79,241	\$1,016,694	\$44,549,115	\$0	\$44,549,115
97100 Extraordinary Maintenance																		
97200 Casualty Losses - Non-capitalized																		
97300 Housing Assistance Payments										\$38,417,401			\$546,561	\$71,020		\$39,034,982		\$39,034,982
97350 HAP Portability-In										\$586,777						\$586,777		\$586,777

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – INCOME STATEMENT
YEAR ENDED SEPTEMBER 30, 2024

	Project Total	6.1 Component Unit - Discretely Presented	14.892 Choice Neighborhoods Planning Grants	6.2 Component Unit - Blended	14.IKE DHAP- IKE	1 Business Activities	14.866 Revitalization of Severely Distressed Public Housing	2 State/Local	14.DVP Disaster Voucher Program	14.871 Housing Choice Vouchers	14.870 Resident Opportunity and Supportive Services	97.109 Disaster Housing Assistance Grant	14.EHV Emergency Housing Voucher	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	COCC	Subtotal	ELJM	Total
97400 Depreciation Expense	\$1,160,772	\$2,350,731		\$339,103			\$54,454			\$18,103					\$65,854	\$3,989,017		\$3,989,017
97500 Fraud Losses																		
97600 Capital Outlays - Governmental Funds																		
97700 Debt Principal Payment - Governmental Funds																		
97800 Dwelling Units Rent Expense																		
90000 Total Expenses	\$9,505,740	\$8,806,582	\$1,056,978	\$486,685	\$0	\$0	\$54,454	\$34,710	\$0	\$42,739,486	\$0	\$0	\$563,719	\$119,291	\$2,106,623	\$65,474,268	(\$1,634,784)	\$63,839,484
10010 Operating Transfer In	\$2,179,252															\$2,179,252	(\$2,179,252)	\$0
10020 Operating transfer Out	(\$2,179,252)															(\$2,179,252)	\$2,179,252	\$0
10030 Operating Transfers from/to Primary Government																		
10040 Operating Transfers from/to Component Unit																		
10050 Proceeds from Notes, Loans and Bonds																		
10060 Proceeds from Property Sales																		
10070 Extraordinary Items, Net Gain/Loss																		
10080 Special Items (Net Gain/Loss)		\$6,715,160														\$6,715,160		\$6,715,160
10091 Inter Project Excess Cash Transfer In	\$250,000															\$250,000	(\$250,000)	\$0
10092 Inter Project Excess Cash Transfer Out	(\$250,000)															(\$250,000)	\$250,000	\$0
10093 Transfers between Program and Project - In				\$5,028												\$5,028	(\$5,028)	\$0
10094 Transfers between Project and Program - Out	(\$5,028)															(\$5,028)	\$5,028	\$0
10100 Total Other financing Sources (Uses)	(\$5,028)	\$6,715,160	\$0	\$5,028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,715,160	\$0	\$6,715,160
10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(\$1,720,827)	\$4,438,194	\$4,688,143	(\$317,466)	\$0	\$18	(\$35,257)	\$67,168	\$0	(\$487,879)	\$0	\$0	\$62,344	\$8,221	\$950,840	\$7,653,499	\$0	\$7,653,499
11020 Required Annual Debt Principal Payments	\$242,539	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$242,539		\$242,539
11030 Beginning Equity	\$11,228,268	\$34,229,406	\$1,984,168	\$2,722,656	\$890,295	\$6,985,415	\$1,589,891	\$40,383	\$557,775	\$2,619,842	\$0	\$0	\$81,538	\$313,151	\$2,690,161	\$65,932,949		\$65,932,949
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors		\$0	\$728,399			\$247,821				(\$562,495)					(\$3,913,950)	(\$3,500,205)		(\$3,500,205)
11050 Changes in Compensated Absence Balance																		
11060 Changes in Contingent Liability Balance																		
11070 Changes in Unrecognized Pension Transition Liability																		
11080 Changes in Special Term Severance Benefits Liability																		
11090 Changes in Allowance for Doubtful Accounts - Dwelling Rents																		
11100 Changes in Allowance for Doubtful Accounts - Other																		
11170 Administrative Fee Equity										\$1,569,468						\$1,569,468		\$1,569,468
11180 Housing Assistance Payments Equity										\$0						\$0		\$0
11190 Unit Months Available	10,224	5,472	0	396			0	204		55,944	0		768	288		73,296		73,296
11210 Number of Unit Months Leased	6,965	5,088	0	239			0	156		44,435	0		612	238		57,733		57,733
11270 Excess Cash	\$1,625,867															\$1,625,867		\$1,625,867
11610 Land Purchases	\$0														\$0	\$0		\$0
11620 Building Purchases	\$190,170														\$388,299	\$578,469		\$578,469
11630 Furniture & Equipment - Dwelling Purchases	\$0														\$0	\$0		\$0
11640 Furniture & Equipment - Administrative Purchases	\$17,400														\$0	\$17,400		\$17,400
11650 Leasehold Improvements Purchases	\$47,800														\$0	\$47,800		\$47,800
11660 Infrastructure Purchases	\$0														\$0	\$0		\$0
13510 CFFP Debt Service Payments	\$344,453														\$0	\$344,453		\$344,453
13901 Replacement Housing Factor Funds	\$0														\$0	\$0		\$0

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO THE EXECUTIVE DIRECTOR
YEAR ENDED SEPTEMBER 30, 2024

Expenditure Purpose:

Salary	\$ 265,742
Bonuses	-
Benefits - Insurance	15,655
Benefits - Retirement	28,244
Car Allowance	7,200
Per Diem	1,964
Registration Fees	<u>-</u>
Total Compensation, Benefits, and Other Payments	<u>\$ 318,805</u>

Agency Head: Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Executive Director is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of the *Louisiana Revised Statute (R.S.) 24:513A.(3)*, as amended by *Act 706* of the *2014 Legislative Session*.

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF OUTSTANDING JUDGEMENTS AND AGREEMENTS
AS REQUIRED BY R.S. 24:513.5
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

Type of Judgment	Caption and Number of Matter/Agreement Name	Court in Which Matter was Filed	Date of Judgment/Agreement	Amount of Original Judgment/ Agreement
	None noted for the fiscal year ended September 30, 2024			0
				\$0

Independent Accountant's Report on Applying Agreed-Up Procedures for the Year Ended September 30, 2024

To the Board of Commissioners of the Housing Authority of East Baton Rouge Parish and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Up Procedures (SAUPs) for the fiscal period October 1, 2023 through September 30, 2024. The Housing Authority of East Baton Rouge Parish's management is responsible for those C/C areas identified in the SAUPs.

The Housing Authority of East Baton Rouge Parish has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period October 1, 2023 through September 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) *Written Policies and Procedures – No exceptions noted in this area.*

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
 - x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
 - xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.
- 2) **Board or Finance Committee – Exception noted. The Board did not receive written updates of the progress of resolving audit findings, according to management’s corrective action plan at each meeting until the findings were considered fully resolved.**
- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board’s enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board’s enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity’s collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management’s corrective action plan at each meeting until the findings are considered fully resolved.
- 3) **Bank Reconciliations – Three exceptions noted. 1) The Authority was unable to provide sufficient documentation that bank reconciliations were prepared within 2 months of related statement closing date; 2) was unable to provide evidence bank reconciliations were reviewed within 1 month by a member of management or board member; and 3) was unable to provide supporting evidence that outstanding items over 12 months were researched.**
- A. Obtain a listing of entity bank accounts for the fiscal period from management and management’s representation that the listing is complete. Ask management to identify the entity’s main operating account. Select the entity’s main operating account and randomly select 4 additional accounts¹ (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable
- 4) **Collections (excluding electronic funds transfers) – No exceptions noted in this area.**
- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
 - B. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

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

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases) – No exceptions noted in this area.

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards) – No exceptions noted in this area.

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
 - C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.
- 7) Travel and Travel-Related Expense Reimbursements (excluding card transactions) – No exceptions noted in this area.**
- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
- 8) Contracts – Exception noted. The Authority was unable to provide documentation that the required number of quotes were obtained before executing one contract.**
- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
- 9) Payroll and Personnel – No exceptions noted in this area.**
- A. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
 - B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity’s cumulative leave records; and

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics – Exception noted. The Authority was unable to provide documentation that the agency formally appointed an ethics designee as required by R.S. 42:1170.

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service – No exceptions noted in this area.

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice – No exceptions noted in this area.

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity – No exceptions noted in this area.

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iv. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
 - Hired before June 9, 2020 - completed the training; and
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

14) *Prevention of Sexual Harassment – Exception noted. The Authority was unable to provide sufficient documentation that one employee attended sexual harassment training during the calendar year that was a part-time employee.*

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

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

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

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

Henderson & Pilleteri, LLC

Birmingham, AL
June 26, 2025

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED UPON PROCEDURES
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2024

2) Board or Finance Committee - The Board did not receive written updates of the progress of resolving audit findings, according to management's corrective action plan at each meeting until the findings were considered fully resolved.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Projected Completion Date: September 30, 2025

3) Bank Reconciliations - 1) The Authority was unable to provide sufficient documentation that bank reconciliations were prepared within 2 months of related statement closing date; 2) was unable to provide evidence bank reconciliations were reviewed within 1 month by a member of management or board member; and 3) was unable to provide supporting evidence that outstanding items over 12 months were researched.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Projected Completion Date: September 30, 2025

8) Contracts – The Authority was unable to provide documentation that the required number of quotes were obtained before executing one contract.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Projected Completion Date: September 30, 2025

10) Ethics - The Authority was unable to provide documentation that the agency formally appointed an ethics designee as required by R.S. 42:1170.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Projected Completion Date: September 30, 2025

HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED UPON PROCEDURES
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2024

14) Prevention of Sexual Harassment - The Authority was unable to provide sufficient documentation that one employee attended sexual harassment training during the calendar year that was a part-time employee.

Management acknowledges the exception. Management will follow the Auditor's recommendations to ensure that each employee in attendance signs any attendance sheet or provides sufficient evidence of attendance.

Person Responsible for Correction of Exception:

Mr. J. Wesley Daniels, Jr., Chief Executive Officer

Projected Completion Date: September 30, 2025