

**THE HOUSING AUTHORITY OF
EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
The Housing Authority of East Baton Rouge Parish
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units, of the Housing Authority of East Baton Rouge Parish (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the following discretely presented component units. These statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it related to the amount included for the following discretely presented component unit is based solely on the report of the other auditors.

- Brookstown Place Partnership
- Cedar Pointe Subdivision, L.P.
- Wesley Chapel Development, L.P.
- EBRPHA Development I, L.P.
- EBRPHA Development II, L.P.
- EBRPHA Development IV, L.P.

The above listed financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as issued by the Financial Accounting Standards Board, were audited by other auditors, whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements of the above listed entities, which conform those financial statements to accounting principles generally accepted in the United States of America as issued by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included in the above listed entities prior to these conversion adjustments, is based solely on the reports of the other auditors.

Board of Commissioners
The Housing Authority of East Baton Rouge Parish

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the Authority as of September 30, 2018, 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.

Emphasis-of-Matter Regarding Prior Year Restatement – Primary Government

As described in Note 15 to the financial statement, it was discovered that the previously issued financial statements contained a material misstatement. Deferred revenue was incorrectly recorded in the prior year financial statements. This error caused an overstatement of deferred revenue and understatement of net position. Our opinion is not modified with respect to this matter.

Emphasis-of-Matter Regarding Prior Year Restatement – Discretely Presented Component Unit

As described in Note 16 to the financial statement, it was discovered that the previously issued financial statements contained a material misstatement. Assets held for sale and Other Current Liabilities were overstated in the prior year. This error caused an overstatement of net position. Our opinion is not modified with respect to this matter.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying combining schedule of discretely presented component units, financial data schedule, and schedule of capital funds are presented for purposes of additional analysis 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*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

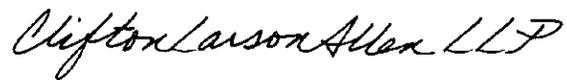
The combining schedule of discretely presented component units, financial data schedule, schedule of capital funds and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Matter

The 2017 financial statements were audited by other auditors, whose reported dated February 26, 2018, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019, 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.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2018**

The Housing Authority of East Baton Rouge Parish's (the Authority) Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Authority's financial activity, and (c) identify changes in the Authority's financial position.

Since the Management's Discussion and Analysis (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 Authority's financial statements. This MD&A covers only the Authority's Enterprise Fund and does not analyze the financial position or current year's activity of the discretely presented Component Units. Separate audit reports have been issued on the financial statements of the Component Units. The audited financial statements of the Component Units have been included in the financial statements of the Authority.

FINANCIAL HIGHLIGHTS

- The Authority's net position decreased \$.3 million in 2018. Net Position was \$34.9 million and \$35.3 million for 2018 and 2017, respectively.
- Revenues increased \$4.9 million during 2018, and were \$38.1 million and \$33.2 million for 2018 and 2017, respectively.
- The total expenses of all Authority programs increased \$4.8 million. Total expenses were \$39.0 million and \$34.2 million for 2018 and 2017, respectively

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2018**

USING THIS ANNUAL REPORT

The Report includes three major sections, the "Management's Discussion and Analysis (MD&A)", the "Basic Financial Statements", and "Other Required Supplementary Information":

MD&A

~ Management's Discussion and Analysis ~

Basic Financial Statements

~ Authority-wide Financial Statements ~
~ Notes to Financial Statements ~

Other Required Supplementary Information

~ Required Supplementary Information ~
(Other than the MD&A)

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2018**

Authority-Wide Financial Statements

Statement of Net Position

These Statements include a Statement of Net Position, which is similar to a Balance Sheet. The Statement of Net Position reports all financial and capital resources of the Authority. The statement is presented in the format in which assets and deferred outflows of resources, equal liabilities, deferred inflows of resources and "Net Position", formerly known as net assets. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-current".

The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to represent the net available liquid (non-capital) assets and deferred outflows of resources, net of liabilities and deferred inflows of resources, for the entire Authority. Net Position (formerly net assets) is reported in three broad categories:

Net Investment in Capital Assets: This component of Net Position consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position: This component of Net Position consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Position: Consists of Net Position that does not meet the definition of "Net Investment in Capital Assets", or "Restricted Net Position."

Statement of Revenues, Expenses, and Changes in Net Position

The Authority-wide financial statements also include a Statement of Revenues, Expenses, and Changes in Net Position (similar to an Income Statement). This Statement includes operating revenues such as rental income and operating grants; operating expenses such as administrative, utilities, maintenance, and depreciation; and non-operating revenues and expenses such as capital grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses and Changes in Net Position is the "Change in Net Position", which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by or used for operating activities, non-capital financing activities, investing activities and from capital and related financing activities.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2018**

Authority-Wide Main Programs

Significant Programs - The focus of the Authority's Financial Statements should be on the significant programs of the Authority. The following are considered significant programs of the Authority.

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 PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Vouchers Program - Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment 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 participants' rent at 30% of household income.

Other Less Significant Programs - In addition to the significant programs above, the Authority also maintains the following less significant programs:

- Central Office Cost Center
- Revitalization of Severely Distressed Public Housing
- Resident Opportunity and Supportive Services Program
- Section 8 Moderate Rehabilitation Program
- Disaster Housing Assistance Program
- Disaster Housing Assistance - Ike Program
- Disaster Voucher Program

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018**

AUTHORITY-WIDE STATEMENTS

The following table reflects the condensed Statement of Net Position compared to the prior year.

TABLE 1

CONDENSED STATEMENT OF NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 13,684,491	\$ 13,770,652	\$ (86,161)
Restricted Assets	715,708	759,396	(43,688)
Capital Assets, Net	20,823,581	21,698,322	(874,741)
Other Noncurrent Assets	3,455,070	3,514,123	(59,053)
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 38,678,850</u>	<u>\$ 39,742,493</u>	<u>\$ (1,063,643)</u>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 1,265,857	\$ 1,749,447	\$ (483,590)
Noncurrent Liabilities	2,517,606	2,722,733	(205,127)
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>3,783,463</u>	<u>4,472,180</u>	<u>(688,717)</u>
Net Position:			
Net Investment in Capital Assets	20,823,581	21,550,148	(726,567)
Restricted Net Position	558,404	199,094	359,310
Unrestricted Net Position	13,513,402	13,521,071	(7,669)
Total Net Position	<u>34,895,387</u>	<u>35,270,313</u>	<u>(374,926)</u>
 Total Liabilities, Deferred Outflows of Resources, and Net Position	 <u>\$ 38,678,850</u>	 <u>\$ 39,742,493</u>	 <u>\$ (1,063,643)</u>

Major Factors Affecting the Statement of Net Position

During 2018, current assets decreased \$86,161 resulting primarily from decreases of unrestricted cash and accounts receivable. The decrease of unrestricted cash was due mainly to capital asset expenditures from the Authority's Central Office Cost Center (COCC) operating reserves. The decrease of accounts receivable was a result of fiscal year 2017 collections of predevelopment funds previously advanced to an affiliate. Restricted assets decreased due to the expenditure of funds previously restricted for both modernization and housing assistance payments. See the Statement of Cash Flows for additional detail regarding inflows and outflows of cash. Capital assets decreased due to current year depreciation expense exceeding the current year additions. See Table 5 on page 12 for a summary of the changes in capital assets. Non-current liabilities decreased due to the retirement of long-term debt obligations and the reporting of former long-term debt as current debt due to fiscal year 2018 maturities.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018**

The following Schedule compares the revenues and expenses for the current and previous fiscal years.

TABLE 2

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>2018</u>	<u>2017</u>	<u>Variance</u>
REVENUES			
Tenant Rental Revenue	\$ 2,120,425	\$ 2,257,477	\$ (137,052)
Operating Grants	32,447,318	28,431,054	4,016,264
Capital Contributions	1,211,508	1,487,528	(276,020)
Investment Income	4,336	5,213	(877)
Other Revenue	2,355,252	1,006,064	1,349,188
Total Revenues	<u>38,138,839</u>	<u>33,187,336</u>	<u>4,951,503</u>
EXPENSES			
Administrative Expenses	3,576,097	3,402,266	173,831
Tenant Services	176,694	72,475	104,219
Utilities	1,015,762	1,037,173	(21,411)
Maintenance and Operations	2,114,135	1,862,675	251,460
Protective Services	63,410	69,604	(6,194)
Insurance	827,608	815,336	12,272
General Expenses	172,030	165,393	6,637
Interest Expense	188,652	207,992	(19,340)
Housing Assistance Payments	28,740,942	24,147,862	4,593,080
Extraordinary Maintenance	110,580	-	110,580
Mixed Finance Program Expense	443,682	794,000	(350,318)
Depreciation	1,644,475	1,691,464	(46,989)
Total Expenses	<u>39,074,067</u>	<u>34,266,240</u>	<u>4,807,827</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (935,228)</u>	<u>\$ (1,078,904)</u>	<u>\$ 143,676</u>

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

REVENUE

Overall revenues increased during 2018 in comparison to 2017 by \$4.9 million. Operating grants increased \$4.0 million due primarily to an increase in current year funding under the Section 8 Housing Choice Voucher program resulting from increased leasing. Capital contributions decreased due to the Authority completing some modernization activity on the Authority's Public Housing dwelling properties and HUD's approval to expend Replacement Housing Factor (RHF) funds on construction costs of a mixed finance development project. Other revenue increased due the Authority taking over the management of the City of Baton Rouge, Parish of East Baton Rouge Housing Choice Voucher Program.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018**

MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (CONTINUED)

EXPENSES

Housing Assistance Payments increased \$4.5 million, this was caused by the increase in voucher utilization of the Authority. Mixed Finance Program Expenses decreased \$.3 million in 2017 the Authority advancing funds under a Promissory Note to River South Development, LP (an affiliated partnership) to partially fund construction costs of a low-moderate income apartment complex. Due to uncertainties regarding collectability of the Note, Authority management has elected to expense the transaction through its mixed finance program expense account. Maintenance and Operations expenses increased almost \$.2 million, including increases in personnel, materials, and external contracting costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of fiscal year-end, the Authority had \$20.8 million invested in a variety of capital assets as reflected in the following schedule:

**TABLE 3
CAPITAL ASSETS AT YEAR-END
(NET OF DEPRECIATION)**

	2018	2017	Variance	Percent Change
Land	\$ 5,784,670	\$ 5,784,670	\$ -	0.00%
Buildings and Improvements	45,040,508	43,922,500	1,118,008	2.55%
Furniture and Equipment	433,892	677,469	(243,577)	-35.95%
Construction in Progress	1,524,849	1,911,098	(386,249)	-20.21%
Less: Accumulated Depreciation	(31,960,338)	(30,597,415)	(1,362,923)	4.45%
Net Capital Assets	<u>\$ 20,823,581</u>	<u>\$ 21,698,322</u>	<u>\$ (874,741)</u>	<u>-4.03%</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018**

CAPITAL ASSETS AND DEBT ADMINISTRATION (CONTINUED)

The following reconciliation summarizes the change in Capital Assets:

TABLE 4

CHANGE IN CAPITAL ASSETS

Beginning Balance - October 1, 2017	\$ 21,698,322
Additions and Transfers:	
Land	-
Buildings and Improvements	1,118,008
Furniture and Equipment	-
Construction in Process	1,016,160
Construction in Process (Transfer)	(1,021,380)
Disposals	(624,606)
Depreciation Expense	(1,644,475)
Disposals - Accumulated Depreciation	281,552
Ending Balance - September 30, 2018	<u><u>\$ 20,823,581</u></u>

Debt

As of fiscal year-end, the Authority had almost \$2.3 million in long-term debt outstanding compared to \$2.5 million last year.

TABLE 5

OUTSTANDING DEBT, AT YEAR-END

	Balance as of September 30, 2018	Balance as of September 30, 2017
Mortgages and Notes Payable	<u>\$ 2,550,190</u>	<u>\$ 2,893,713</u>
Less: Current Portion	<u>(192,210)</u>	<u>(343,522)</u>
Long-Term Debt	<u><u>\$ 2,357,980</u></u>	<u><u>\$ 2,550,191</u></u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding provided by Congress to the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on supplies and other costs

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2018**

FINANCIAL CONTACT

The individual to be contacted regarding this report is Melonie Bayham, Chief Operating Officer of The Housing Authority of East Baton Rouge Parish at 4731 North Boulevard, Baton Rouge, Louisiana 70806.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Enterprise Fund	Discretely Presented	
		Partners-for- Progress, Incorporated	Partnerships December 31, 2017 Year-End
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 12,634,660	\$ 56,290	\$ 740,031
Tenants Accounts Receivable, Net	42,856	-	26,463
Accounts Receivable - Copper Oaks, LLC	-	589,896	-
Accounts Receivable - Other, Net	231,984	173,160	4,916
Due From Partners for Progress	210,489	-	-
Prepaid Costs	404,493	1,692	97,309
Inventory, Net (Allowance \$8,410)	160,009	-	-
Notes Receivable	-	-	-
Assets Held for Sale	-	46,250	-
Total Current Assets	13,684,491	867,288	868,719
RESTRICTED ASSETS			
Cash and Cash Equivalents - Tenant Security Deposits	157,304	-	105,116
Cash and Cash Equivalents - Other Restricted	558,404	-	2,197,953
Total Restricted Assets	715,708	-	2,303,069
CAPITAL ASSETS			
Land	5,784,670	-	803,683
Buildings and Improvements	45,040,508	-	49,479,912
Furniture and Equipment	433,892	15,418	3,220,889
Construction in Progress	1,524,849	-	-
	52,783,919	15,418	53,504,484
Less: Accumulated Depreciation	(31,960,338)	(10,793)	(10,436,050)
Net Capital Assets	20,823,581	4,625	43,068,434
OTHER ASSETS			
Notes Receivable	3,455,070	1,260,055	-
Other Noncurrent Assets	-	-	110,239
Total Other Assets	3,455,070	1,260,055	110,239
Total Assets	38,678,850	2,131,968	46,350,461
Deferred Outflows of Resources	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 38,678,850	\$ 2,131,968	\$ 46,350,461

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	Discretely Presented		
	Enterprise Fund	Partners-for- Progress, Incorporated	Partnerships December 31, 2017 Year-End
CURRENT LIABILITIES			
Accounts Payable	\$ 55,270	\$ 559	\$ 91,651
Accounts Payable - HUD PHA Programs	295,535	-	-
Due to Primary Government	-	210,489	-
Accrued Wages and Payroll Taxes	355,911	6,121	-
Accrued Compensated Absences	81,566	3,344	-
Accrued Interest Payable	-	-	43,554
Tenant Security Deposits	157,304	-	105,132
Unearned Revenue	111,780	-	11,970
Other Current Liabilities	16,281	-	94,851
Current Portion of Capital Debt	-	-	-
Current Portion of Noncapital Debt	192,210	137,125	97,114
Total Current Liabilities	<u>1,265,857</u>	<u>357,638</u>	<u>444,272</u>
LONG-TERM LIABILITIES			
Long Term Capital Debt, Net of Current	-	1,326,284	16,478,686
Long Term Noncapital Debt, Net of Current	2,357,980	-	-
Accrued Compensated Absences, Net of Current	159,626	-	-
Noncurrent Liabilities - Other	-	-	31,940
Total Long Term Liabilities	<u>2,517,606</u>	<u>1,326,284</u>	<u>16,510,626</u>
Total Liabilities	3,783,463	1,683,922	16,954,898
Deferred Inflows of Resources	-	-	-
Total Liabilities and Deferred Inflows of Resources	3,783,463	1,683,922	16,954,898
NET POSITION			
Net Investment in Capital Assets	20,823,581	4,625	42,661,674
Restricted Net Position	558,404	-	2,201,953
Unrestricted Net Position	13,513,402	443,421	(15,468,064)
Total Net Position	<u>34,895,387</u>	<u>448,046</u>	<u>29,395,563</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 38,678,850</u>	<u>\$ 2,131,968</u>	<u>\$ 46,350,461</u>

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund	Discretely Presented	
		Partners-for- Progress, Incorporated	Partnerships December 31, 2017 Year-End
OPERATING REVENUES			
Dwelling Rent	\$ 2,120,425	\$ -	\$ 1,392,388
Operating Grants	32,447,318	-	1,158,964
HOME Loan Forgiveness	-	331,875	-
Other Revenue	2,355,252	42,964	87,876
Total Operating Revenues	<u>36,922,995</u>	<u>374,839</u>	<u>2,639,228</u>
OPERATING EXPENSES			
Administrative	3,576,097	279,614	470,041
Tenant Services	176,694	30,000	-
Utilities	1,015,762	1,763	67,494
Maintenance and Operations	2,114,135	2,056	845,758
Protective Services	63,410	-	-
Insurance	827,608	8,965	205,992
General Expense	172,030	-	279,982
Housing Assistance Payments	28,740,942	-	-
Extraordinary Maintenance	110,580	-	-
Depreciation	1,644,475	1,542	1,683,898
Total Operating Expenses	<u>38,441,733</u>	<u>323,940</u>	<u>3,553,165</u>
OPERATING INCOME (LOSS)	(1,518,738)	50,899	(913,937)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	4,336	-	5,605
Interest Expense	(188,652)	-	(638,798)
Cost of Sale of Assets	-	(47,250)	-
Mixed Finance Program Expense	(443,682)	-	89,996
Total Nonoperating Revenue Expenses	<u>(627,998)</u>	<u>(47,250)</u>	<u>(543,197)</u>
INCREASE (DECREASE) BEFORE CAPITAL CONTRIBUTIONS	(2,146,736)	3,649	(1,457,134)
Capital Contributions - from HUD	<u>1,211,508</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	(935,228)	3,649	(1,457,134)
Net Position - Beginning of Year	35,270,313	477,608	30,852,697
Prior Period Adjustment	560,302	(33,211)	-
Net Position, Beginning of Year as Restated	<u>35,830,615</u>	<u>444,397</u>	<u>30,852,697</u>
NET POSITION - END OF YEAR	<u>\$ 34,895,387</u>	<u>\$ 448,046</u>	<u>\$ 29,395,563</u>

See accompanying Notes to Financial Statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Dwelling Rent	\$ 2,300,254
Cash Received from Operating Grants	32,441,919
Other income receipts	2,279,514
Cash Payments for Salaries and Benefits	(3,490,284)
Cash Payments to Vendors	(4,397,878)
Cash Payments to Landlords	(28,849,826)
Net Cash Provided (Used) by Operating Activities	283,699
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	1,211,508
Repayment of Capital Debt Principal	(343,523)
Payment of Pre-Development Costs	(443,682)
Interest Paid on Capital Debt	(188,926)
Purchase of Capital Assets	(769,734)
Net Cash Provided (Used) by Capital and Related Financing Activities	(534,357)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	4,336
Issuance of Notes Receivable	(45,500)
Advance to Component Unit	(210,489)
Net Cash Provided (Used) by Investing Activities	(251,653)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(502,311)
Cash and Cash Equivalents - Beginning of Year	13,852,679
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,350,368

See accompanying Notes to Financial Statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

**RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO
NET CASH USED BY OPERATING ACTIVITIES**

Income (Loss) from Operations	\$ (1,518,738)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash and Cash Equivalents:	
Depreciation Expense	1,644,475
Allowance for Doubtful Accounts	(328)
(Increase) Decrease in Assets:	
Accounts Receivable - HUD Other Projects	(5,399)
Accounts Receivable - Other Government	(18,416)
Accounts Receivable - Miscellaneous	(98,631)
Accounts Receivable - Tenants	1,610
Prepaid Expenses	(27,579)
Inventory	(13,230)
Other Assets	104,553
Increase (Decrease) in Liabilities:	
Accounts Payable	29,973
Accrued Wages/Payroll Taxes Payable	190,898
Accrued Compensated Absences	(11,908)
Accounts Payable - HUD PHA Programs	(108,884)
Tenant Security Deposits	9,703
Unearned Revenue	<u>105,600</u>
 Net Cash Used/Provided by Operating Activities	 <u><u>\$ 283,699</u></u>

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 REPORTING ENTITY DEFINITION

The Housing Authority of East Baton Rouge Parish (the Authority) is a governmental agency that provides low rent housing for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development (HUD) and other federal agencies.

The Authority is governed by a Board of Commissioners, which is composed of seven members. The applicable jurisdictions appoint the Board of Commissioners. However, the Authority has complete legislative and administrative authority and it recruits and employs personnel. The Authority adopts a budget that is approved by the Board of Commissioners. Subsidies for operations are received primarily from HUD. The Authority has substantial legal authority to control its affairs without local government approval; therefore, all operations of the Authority are a separate reporting entity as reflected in this report. The Authority is responsible for its debts and is entitled to surpluses.

In determining how to define the reporting entity, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria of Governmental Accounting Standards. These criteria include manifestation of oversight responsibility including financial accountability, appointment of a voting majority, imposition of will, financial benefit to or burden on a primary organization, financial accountability as a result of fiscal dependency, potential for dual inclusion, and organizations included in the reporting entity although the primary organization is not financially accountable. Based upon the application of these criteria, the reporting entity includes the following component units:

Partners for Progress, Incorporated (the Corporation)

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. The Corporation has entered into a management agreement with the Authority, for the Authority to provide administrative and management services to the Corporation. Because Partners for Progress, Inc. maintains a substantively different governing board than the Authority, and the benefits derived from the services the Corporation provides extend beyond the Authority, the Corporation is considered to be a discrete component unit. The activity from the Corporation is reported separately in the financial statements and accompanying schedules in the Partners for Progress, Incorporated column. The Corporation's fiscal year-end is September 30. A copy of the financial statements of Partners for Progress, Inc. for the year ended September 30, 2018 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Partners for Progress Development Company, LLC

Partners for Progress Development Company, LLC was created to function as an instrumentality of the Corporation to facilitate low-income housing development. Partners for Progress, Incorporated is the sole member of Partners for Progress Development Company, LLC. Partners for Progress Development Company, LLC is the managing general partner of Brookstown Place Partnership (a discrete component unit of the Authority), a Louisiana Partnership in Commendam. Partners for Progress Development Company, LLC holds .01% interest in Brookstown Place Partnership and contributed \$50 at formation for this interest. Partners for Progress Development Company, LLC will receive .01% of income, 5% of the distribution of cash flow, and 5% 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 the partnership to be a discrete component unit.

Cedar Pointe Development, LLC

Cedar Pointe Development, LLC was created to function as an instrumentality of the Corporation to facilitate low-income housing development. Partners for Progress, Incorporated is the sole member of Cedar Pointe Development, LLC. Cedar Pointe Development, LLC is the managing general partner of Cedar Pointe Subdivision Limited Partnership (a discrete component unit of the Authority), a Louisiana Partnership in Commendam. Cedar Pointe Development, LLC holds .01% interest in Cedar Pointe Subdivision Limited Partnership. Cedar Pointe Development, LLC will receive 0.01% of income, 5% of the distribution of cash flow, and 5% 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 the partnership to be a discrete component unit.

Wesley Chapel Development, LLC

Wesley Chapel Development, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation of an eighty-two unit apartment complex for low to moderate-income families known as Wesley Chapel Apartments. Partners for Progress, Incorporated is the sole member of Wesley Chapel Development, LLC. 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 discrete component unit.

Hospital Plaza I, LLC

Hospital Plaza I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Willow Creek Townhomes. Partners for Progress, Incorporated is the sole member of Hospital Plaza I, LLC. 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 discrete component unit.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Colonial Courts I, LLC

Colonial Courts I, LLC was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low-income families known as Autumn Place Townhomes. Partners for Progress, Incorporated is the sole member of Colonial Courts I, LLC. 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 discrete component unit.

Roosevelt Terrace, LLC

Roosevelt Terrace, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as Roosevelt Terrace Apartments. Partners for Progress, Incorporated is the sole member of Roosevelt Terrace, LLC. 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 discrete component unit.

River South, LLC

River South, LLC was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low-income families known as River South Apartments. Partners for Progress, Incorporated is the managing member of River South, LLC. 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 discrete component unit.

The financial activity of Partners for Progress Development Corporation, LLC; Cedar Pointe Development, LLC; Wesley Chapel Development, LLC; Hospital Plaza I, LLC; Colonial Courts I, LLC; Roosevelt Terrace, LLC, River South, LLC is consolidated into the Corporation's financial statements and is reported in the financial statements and accompanying schedules in the Partner for Progress, Incorporated column.

Brookstown Place Partnership; Cedar Pointe Subdivision Limited Partnership; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; EBRPHA Development 4, LP, River South Development, LP are considered by the Authority to be discrete component units. These component units have December 31 year-ends. Financial activity for these discrete component units, for the year ended December 31, 2017, is reported separately in the financial statements and accompanying schedules in the 'Partnerships' column. The financial information for each of these discrete component units can be found in the combining schedule of discretely presented entities as part of the supplementary information at the end of the report. A copy of the financial statements of each of these discrete component units for the year ended December 31, 2017 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

There are no other Component Units.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America 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 is a Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund.

Basis of Accounting:

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 as follows:

Enterprise Fund – Activity is recorded using the accrual basis of accounting and the measurement focus is on the flow of economic resources. Under the accrual basis of accounting revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. This required the Housing Authority to account for operations in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as pronouncements.

Cash and Cash Equivalents

The Authority considers cash on hand and cash in checking to be cash equivalents. Cash on hand is not included in calculation of collateral required.

Accounts Receivable

Tenant accounts receivables are carried at the amount considered by management to be collectible. Other current and noncurrent accounts receivable consist of amounts due from affiliates for operating advances, and fees and HAP advances due from other housing authorities.

Prepaid Items and Inventory

Prepaid items and inventory consists of payments made to vendors for services and materials that will benefit future periods.

Assets Held for Sale

Assets Held for Sale consists of land and infrastructure expected to be sold within one year and is valued at the lesser of cost or fair value.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of maintenance and repairs are expensed, while significant renewals and betterments are capitalized. Small dollar value minor equipment items are expensed. Depreciation on assets has been expensed in the statement of income and expenses. Estimated useful lives are as follows:

Buildings	20 Years
Improvements	10 Years
Furniture and Equipment	5 Years

Authority management has assessed the carrying values of capital asset balances for impairment. No significant capital asset value impairments exist as of September 30, 2018.

Intangible Assets

Intangible assets with finite useful lives will be amortized over their estimated useful life. Amortizable Fees consist primarily of tax credit application fees. Expenses relating to tax credit application fees are capitalized and amortized on a straight-line basis over the term of the tax credit compliance period.

Accrued Compensated Absences

It is the Authority's policy to grant full time permanent employees vacation benefits in varying amounts to specified maximums depending on tenure with the Authority. Sick leave also accrues to full time employees to specified maximums. The employees are entitled to vacation leave balances at termination. Leave accrued but not yet paid as of September 30, 2018, is reported as a liability allocated between current and noncurrent.

Unearned Revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenue. Included in Unearned Revenue as of September 30, 2018, consists of grant proceeds received in the amount of \$111,780.

Deferred Outflows and Inflows of Resources

A Deferred Outflow of Resources is a consumption of assets by the Authority that is applicable to a future reporting period. Conversely, a Deferred Inflow of Resources is an acquisition of assets by the Authority that is applicable to a future reporting period. The Authority does not have any deferred inflows or outflows for the year ended September 30, 2018.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Revenue and Expenses

The Authority recognizes operating revenue and expenses as a result of providing low rent housing and other services. The principal operating revenues of the Authority consist of tenant rental charges, operating subsidies and fees received from the federal government and other grantor organizations, and other revenue received from ancillary operations such as maintenance charges to tenants, laundry operations and similar operations. Operating expenses include the costs of operating the Authority owned housing complexes, housing assistance payments to landlords, administrative expenses, and costs associated with providing program services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

These financial statements do not contain inter-program revenues and expenses for internal activity. The policy is to eliminate any material inter-program revenues and expenses for these financial statements.

Indirect Costs Recovery

Direct costs are charged to the Authority's applicable programs. The Authority charges indirect costs to its Central Office Cost Center, and charges the programs management fees based on fee rates provided by the Department of Housing and Urban Development.

Use of Estimates

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The financial statements include some amounts that are based on management's best estimates and judgments. The most significant estimates relate to depreciation and useful lives of capital assets, doubtful collection allowances against notes and accounts receivable, allocable shares of developer fees receivable and inventory valuations. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE 3 CASH DEPOSITS

Custodial Credit Risk – The Authority 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.

Interest Rate Risk – The Authority's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The U.S. Department of HUD requires the Authority to invest excess funds in obligations of the U.S., certificates of deposit or any other federally insured investments.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 3 CASH DEPOSITS (CONTINUED)

The Authority's cash and cash equivalents consist of cash held in interest and noninterest-bearing checking accounts and investment sweep accounts with varying interest rates up to .1%, totaling \$13,406,659. Deposits with financial institutions are secured as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Insured by FDIC	\$ 250,000	\$ 250,000
Invested in U.S. Treasury Obligations	199,249	200,807
Collateralized with Specific Securities in the Authority Name which are Held by the Financial Institution	12,901,119	13,215,444
Total	<u>\$ 13,350,368</u>	<u>\$ 13,666,251</u>

All investments are carried at cost plus accrued interest, which approximates market. The Authority had no realized gains or losses on the sale of investments. The calculation of realized gains or losses is independent of a calculation of the net change in the fair value of investments.

Partners for Progress, Incorporated

The Corporation's cash and cash equivalents consist of cash held in an interest bearing checking account, totaling \$256,291. As of September 30, 2018, the Corporation's bank balances were fully secured by the Federal Deposit Insurance Corporation (FDIC).

Partnerships

As of December 31, 2017, the Partnerships had various checking, escrow and other deposits at various financial institutions. Accounts at these financial institutions were insured by the FDIC up to \$250,000 per financial institution. As of December 31, 2017, the Partnerships had \$748,695 of deposits in excess of federally insured limits. Wesley Chapel Development, LP had uninsured deposits of \$293,713. EBRPHA Development 1, LP had uninsured deposits of \$231,438. And EBRPHA Development 2, LP had uninsured deposits of \$223,544.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 ACCOUNTS RECEIVABLE - OTHER

As of September 30, 2018, the Authority was due the following balances:

Accounts Receivable - HUD Other Projects	\$ 5,399
Accounts Receivable - Other Government	21,387
Accounts Receivable - Miscellaneous	208,473
Total Accounts Receivable	235,259
Allowance for Doubtful Accounts - Other	(3,275)
Total Allowance for Doubtful Accounts	(3,275)
Net Accounts Receivable	\$ 231,984

Partners for Progress, Incorporated

As of September 30, 2018, the Corporation was due the following balances:

Accounts Receivable - Sale of Homes	\$ 404,479
Accounts Receivable - Costs	95,542
Accounts Receivable - Sale of Land	89,875
Total Accounts Receivable, Copper Oak, LLC	\$ 589,896
Accounts Receivable - River Lofts	\$ 83,890
Accounts Receivable - FEMA	81,050
Accounts Receivable - Other	8,220
Total Accounts Receivable - Other	\$ 173,160

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 NOTES AND DEVELOPER FEES RECEIVABLE

Between the Authority and the Partnerships

As of September 30, 2018, the Authority had the following outstanding notes, developer fees, and interest receivable balances due from the Partnerships:

Description

Due from EBRPHA Dev. 1, LP		
Promissory Note due to EBRPHA Dated January 2012, Matures February 2052	\$ 1,325,570	
Promissory Note due to EBRPHA (Second) Dated January 2012, Matures February 2052	<u>209,000</u>	<u>\$ 1,534,570</u>
Due from EBRPHA Dev. 2, LP		
Promissory Note due to EBRPHA Dated January 2012, Matures February 2052	1,266,000	
Promissory Note Due to EBRPHA (Second) Dated January 2012, Matures February 2052	<u>209,000</u>	<u>1,475,000</u>
Due from EBRPHA Dev. 4, LP		
Promissory Note due to EBRPHA Dated September 2014, Matures September 2034, 2.94%	<u>445,500</u>	<u>445,500</u>
Total Notes Receivable		<u><u>\$ 3,455,070</u></u>

These notes were loaned to the respective Partnerships to assist in the development of two 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 did not receive developer fees from the Partnerships. As of September 30, 2018, the Authority's share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$83,093. 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.

Between the Partnerships and Partners for Progress, Incorporated

Through the Corporation's wholly owned subsidiary entities (Partners for Progress Development Corporation, LLC; Cedar Pointe Development, LLC; Wesley Chapel Development, LLC; Hospital Plaza I, LLC; Colonial Courts I, LLC; and Roosevelt Terrace, LLC) the Corporation has earned developer fees from each of the Partnerships for overseeing the construction and development of four apartment complexes and two townhouse communities. During the fiscal year, the Corporation did not receive developer fees from the Partnerships. As of September 30, 2018, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$120,052. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of the receivables, and to recognize income as funds are received.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 NOTES AND DEVELOPER FEES RECEIVABLE (CONTINUED)

Between the Partnerships and Partners for Progress, Incorporated (Continued)

During fiscal year 2014, the Corporation funded a \$500,000 loan to Wesley Chapel Development, LP under a loan agreement dated in September of 2011, to assist with the construction of the Wesley Chapel Apartments complex. The note is secured with a subordinate mortgage on the property and does not bear interest. The loan is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement and matures in July of 2044. The outstanding balance of the note was \$500,000 as of September 30, 2018.

During fiscal year 2015, the Corporation funded a \$480,200 loan to EBRPHA Development 4, LP to assist with the rehabilitation of the Roosevelt Terrace Apartments complex. The nonrecourse note is secured with a subordinate mortgage on the property which has been subsequently assigned to Capital One National Association to secure a related loan issued from the Corporation to Capital One National Association. The loan bears interest at a rate of .25% per annum and is payable from the available income and cash flow of the borrower, as stipulated in the Loan Agreement. The loan matures in September of 2055 and outstanding balance was \$480,200 as of September 30, 2018.

NOTE 6 CAPITAL ASSETS

Primary Government

A summary of the Authority's capital asset balances and activity, as of and for the year ended September 30, 2018 are as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 5,784,670	\$ -	\$ -	\$ -	\$ 5,784,670
Construction in Process	1,911,098	1,016,160	(381,029)	(1,021,380)	1,524,849
Total Nondepreciable Capital Assets	7,695,768	1,016,160	(381,029)	(1,021,380)	7,309,519
Depreciable Capital Assets					
Buildings and Improvements	43,922,500	96,628	-	1,021,380	45,040,508
Furniture and Equipment	677,469	-	(243,577)	-	433,892
Total Depreciable Capital Assets	44,599,969	96,628	(243,577)	1,021,380	45,474,400
Less: Accumulated Depreciation					
Buildings and Improvements	(30,046,515)	(1,589,408)	124,751	-	(31,511,172)
Furniture and Equipment	(550,900)	(55,067)	156,801	-	(449,166)
Total Accumulated Depreciation	(30,597,415)	(1,644,475)	281,552	-	(31,960,338)
Total Capital Assets, Being Depreciated, Net	14,002,554	(1,547,847)	37,975	1,021,380	13,514,062
Capital Assets, Net	\$ 21,698,322	\$ (531,687)	\$ (343,054)	\$ -	\$ 20,823,581

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Partners for Progress, Incorporated

A summary of the Corporation's capital asset balances and activity, as of and for the year ended September 30, 2018 are as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Depreciable Capital Assets					
Furniture and Equipment	\$ 15,418	\$ -	\$ -	\$ -	\$ 15,418
Total Capital Assets	15,418	-	-	-	15,418
Less: Accumulated Depreciation					
Furniture and Equipment	(9,251)	(1,542)	-	-	(10,793)
Total Capital Assets, Being Depreciated, Net	6,167	(1,542)	-	-	4,625
Capital Assets, Net	<u>\$ 6,167</u>	<u>\$ (1,542)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,625</u>

Partnerships

A summary of the Partnerships' capital asset activity, for the year ended December 31, 2017 are as follows:

	January 1 2017	Additions	Deletions	Transfers	December 31 2017
Nondepreciable Capital Assets					
Land	\$ 803,683	\$ -	\$ -	\$ -	\$ 803,683
Total Nondepreciable Capital Assets	803,683	-	-	-	803,683
Depreciable Capital Assets					
Buildings and Improvements	49,479,912	-	-	-	49,479,912
Furniture and Equipment	3,220,889	-	-	-	3,220,889
Total Capital Assets	52,700,801	-	-	-	52,700,801
Less: Accumulated Depreciation	(8,752,152)	(1,683,898)	-	-	(10,436,050)
Total Capital Assets, Being Depreciated, Net	43,948,649	(1,683,898)	-	-	42,264,751
Capital Assets, Net	<u>\$ 44,752,332</u>	<u>\$ (1,683,898)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,068,434</u>

NOTE 7 NOTES PAYABLE

In March of 2000, the Authority issued a note payable of \$567,000 for the remodeling of a commercial office building. The debt was refinanced in October of 2007 and again in December of 2012. The refinanced promissory note incurred interest at a rate of 3.5% and was payable in monthly installments of \$4,004, with a final balloon payment due in December of 2017. The note was secured by the rents and leases on the building. As of September 30, 2018, the note was paid in full.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

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 \$188,651. The outstanding balance as of September 30, 2018 was \$2,550,190. Future projected payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2019	\$ 192,210	\$ 175,310	\$ 2,357,980
2020	182,120	162,328	2,175,860
2021	195,481	148,967	1,980,379
2022	209,819	134,629	1,770,560
2023	225,213	119,235	1,545,347
2024-2028	1,399,484	322,756	145,863
2029-2033	145,863	15,637	-
Total	<u>\$ 2,550,190</u>	<u>\$ 1,078,862</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2018, applicable to the Authority, was as follows:

	<u>Beginning</u>		<u>Decrease</u>	<u>Ending</u>	<u>Due Within</u>
	<u>Balance</u>	<u>Increase</u>		<u>Balance</u>	<u>One Year</u>
Mortgage Payable	\$ 148,174	\$ -	\$ (148,174)	\$ -	\$ -
Noncapital Debt	2,745,539	-	(195,349)	2,550,190	192,210
Accrued Compensated Absences	253,100	53,868	(65,776)	241,192	81,566
Long-Term Liabilities	<u>\$ 3,146,813</u>	<u>\$ 53,868</u>	<u>\$ (409,299)</u>	<u>\$ 2,791,382</u>	<u>\$ 273,776</u>

Partners for Progress, Incorporated

The Corporation entered into a loan agreement, effective July 1, 2010, with the City of Baton Rouge in the amount of \$1,475,000 to fund infrastructure costs of a housing development known as Copper Oaks Subdivision, on land the Corporation purchased in Baton Rouge. The development will consist of 40, single-family homes. Infrastructure development began during fiscal year 2012 and was significantly complete as of fiscal year-end 2014. The loan agreement stipulates that a minimum of 11 of the homes must be sold to low-moderate income families who satisfy the HOME Investment Partnership Act federal criteria. As of September 30, 2018, a cumulative total of 35 of the parcels were sold to Copper Oaks Partners, LLC (COP, LLC) for construction and sale to future home owners, 30 of which have been sold to final home owners (leaving COP, LLC with a balance of 10 unsold properties and the Corporation with a balance of five properties which have not been sold to COP, LLC as of September 30, 2018). Interest payments on the principal balance are not required as long as the Corporation administers the home-ownership program in accordance with the loan agreement. The loan is secured by the Copper Oaks property. As of fiscal year-end, the outstanding balance of the loan was \$346,084.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

Partners for Progress, Incorporated (Continued)

In November of 2011, the Corporation issued a promissory note to Greenwell Land Acquisitions, LLC (GLA, LLC) in the amount of \$370,000 to purchase land from GLA, LLC, on which the Subdivision will be developed. GLA, LLC has agreed to forgive the 6% annual interest rate upon extinguishment of the loan. Therefore, Corporation management has not accrued an interest payable balance. The note matured on December 31, 2014 but has not been paid or refinanced as of the date of these financial statements. The outstanding principal balance on the note as of September 30, 2018 was \$137,125.

During fiscal year 2013, the Corporation (through Wesley Chapel Development, LLC a wholly owned subsidiary entity) received funding under a loan agreement entered into in September of 2012, from the East Baton Rouge Redevelopment Authority. The loan proceeds were used to fund a loan from the Corporation to Wesley Chapel Development, LP, to partially finance the development of a multi-family residential rental project. The loan is noninterest bearing and matures in October of 2047. The note is secured by a subordinate mortgage interest in the applicable project. The outstanding principal balance on the loan as of fiscal year-end 2018 was \$500,000.

During fiscal year 2014, the Corporation issued an Affordable Housing Program promissory note to Capital One National Association in the amount of \$480,200 to fund a loan the Corporation subsequently made to EBRPHA Development 4, LP, to partially finance the rehabilitation of the Roosevelt Terrace Apartment complex. The note is mortgaged with an assigned security interest in the Roosevelt Terrace Apartments property, matures in September of 2029, and will not bear interest as long as the Affordable Housing Program loan criteria are satisfied. The outstanding principal balance on the loan as of fiscal year-end 2018 was \$480,200.

Long-term liability activity for the year ended September 30, 2018, applicable to the Corporation, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Land Acquisition Note Payable	\$ 182,125	\$ -	\$ (45,000)	\$ 137,125	\$ 137,125
HOME Investment Loan	677,959	-	(331,875)	346,084	-
Note Payable due to the East Baton Rouge RDA	500,000	-	-	500,000	-
AHP Loan due to Capital One, National Association	480,200	-	-	480,200	-
Long-Term Liabilities	<u>\$ 1,840,284</u>	<u>\$ -</u>	<u>\$ (376,875)</u>	<u>\$ 1,463,409</u>	<u>\$ 137,125</u>

Partnerships

In February of 2009, Brookstown Place Partnership refinanced their previously issued construction loan with Alliant Mortgage Company, LLC, with a mortgage note payable in the amount of \$1,000,000 from Enterprise Team, Inc. The loan bears an annual interest rate of 7.03% with monthly principal and interest payments of \$6,236, and one balloon payment upon maturity in 2029. The loan had an outstanding principal balance of \$945,407 at December 31, 2017. The amount of interest charged to expense during the year was \$5,539. The nonrecourse note is secured by buildings and land.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

In October of 2009, Cedar Pointe Subdivision Limited Partnership refinanced their previously issued construction loan with Alliant Mortgage Company, LLC, with a mortgage note payable in the amount of \$2,640,000 from Alliant Capital, LLC. The loan bears an annual interest rate of 7.14% with monthly principal and interest payments of \$17,126, and one balloon payment upon maturity in 2027. The loan had an outstanding principal balance of \$2,483,369 at December 31, 2017. The amount of interest charged to expense during the year was \$15,269. The nonrecourse note is secured by buildings and land.

In July of 2014, Wesley Chapel Development Limited Partnership obtained permanent financing from Home Federal Bank in the amount of \$1,700,000. The loan bears interest at 6.84% with monthly principal and interest payments of \$11,265. The loan has a term of 16 years with a 30-year amortization period and a balloon payment due on the maturity date of August 1, 2030. The nonrecourse loan is collateralized by a first mortgage on the Partnership's land and buildings. As of December 31, 2017, the principal balance of the loan was \$1,640,331 and interest charged to expense during the year was \$9,273.

In October of 2013, EBRPHA Development 1, LP obtained permanent financing from Capital One Bank in the amount of \$1,289,000. The loan bears interest at 6.75% and has a term of 16 years with a 30-year amortization period. The nonrecourse loan is collateralized by a first mortgage on the Partnership's land and improvements. As of December 31, 2017, the principal balance of the loan was \$1,226,587 and interest charged to expense during the year was \$6,900.

In October of 2013, EBRPHA Development 2, LP obtained permanent financing from Capital One Bank in the amount of \$1,228,000. The loan bears interest at 6.75% and has a term of 16 years with a 30-year amortization period. The nonrecourse loan is collateralized by a first mortgage on the Partnership's land and improvements. As of December 31, 2017, the principal balance of the loan was \$1,168,541 and interest charged to expense during the year was \$6,573.

Future debt service obligations on the Partnerships' permanent mortgage loans detailed above are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2018	\$ 100,842	\$ 510,582	\$ 7,459,887
2019	108,043	503,381	7,362,667
2020	115,760	495,664	7,258,507
2021	124,027	487,397	7,146,911
2022	132,886	478,538	7,027,349
2023-2027	2,862,133	2,224,012	4,020,544
2028-2030	4,020,544	403,905	-
Total	<u>\$ 7,464,235</u>	<u>\$ 5,103,479</u>	<u>\$ -</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

The Partnerships have incurred the following other capital debts, as of December 31, 2017:

Due from Brookstown Place Partnership Deferred		
Developer Fees due to P-for-P, Inc.	\$ 68,736	
Deferred Developer Fees due to Project Consultant	206,207	<u>\$ 274,943</u>
Due from Wesley Chapel Dev., LP		
Nonrecourse Loan due to Partners for Progress, Incorporated		
in the Amount of \$500,000, 30-Year Term, Noninterest Bearing	500,000	
Deferred Developer Fees due to P-for-P, Inc.	23,523	
Deferred Developer Fees due to Project Consultant	47,759	
Tax Credit Assistance Loan due to the Louisiana Housing		
Finance Agency of \$1M, 3% per Annum, Matures March 1, 2041		
(Annual Required Payments Depend on Excess LP Cash Flows)	<u>1,000,000</u>	<u>1,571,282</u>
Due from EBRPHA Dev. 1, LP		
Promissory Note due to EBRPHA Dated January 2012,		
Matures February 2052	1,325,570	
Promissory Note due to EBRPHA (Second) Dated		
January 2012, Matures February 2052	209,000	
Affordable Housing Program Loan due to the Federal Home Loan		
Bank of \$700K, .25% Per Annum, Matures January 1, 2053	700,000	
Subordinate Mortgage Loan Due to the East Baton Rouge		
Redevelopment Authority of \$500K, .0% Per Annum,		
Matures January 1, 2041	500,000	
Deferred Developer Fees due to P-for-P, Inc.	12,126	
Deferred Developer Fees due to EBRPHA	36,213	
Deferred Developer Fees due to Project Sub-developer	<u>6,529</u>	<u>2,789,438</u>
Due from EBRPHA Dev. 2, LP		
Promissory Note due to EBRPHA Dated January 2012,		
Matures February 2052	1,266,000	
Promissory Note Due to EBRPHA (Second) Dated		
January 2012, Matures February 2052	209,000	
Affordable Housing Program Loan due to the Federal Home Loan		
Bank of \$700K, .25% per Annum, Matures January 1, 2053	700,000	
Subordinate Mortgage Loan due to the East Baton Rouge		
Redevelopment Authority of \$500K, .0% per Annum,		
Matures January 1, 2041	500,000	
Deferred Developer Fees due to P-for-P, Inc.	10,181	
Deferred Developer Fees due to EBRPHA	30,424	
Deferred Developer Fees due to Project Sub-developer	<u>20,000</u>	<u>2,735,605</u>
Due from EBRPHA Dev. 4, LP		
Promissory Note due to EBRPHA Dated September 2014,		
Matures September 2034, 2.94%	400,000	
Promissory Note due to P-for-P, Inc. Dated July 2015,		
Matures September 2055, .25%	480,200	
Deferred Developer Fees due to P-for-P, Inc.	5,486	
Deferred Developer Fees due to EBRPHA	16,456	
Deferred Developer Fees due to Project Sub-developer	<u>124,340</u>	<u>1,026,482</u>
Other Capital Debt, Noncurrent		<u>\$ 8,397,750</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

Interest charged to expense on other capital debt during 2018 was \$128,716, \$78,792 of which was incurred on debts owed to the Authority (EBRPHA) and \$1,206 was incurred on debts owed to P-for-P, Inc. (the Corporation). The Tax Credit Assistance Loan (Wesley Chapel Development, LP), the Affordable Housing Program Loans, and the East Baton Rouge Redevelopment Authority Loans (EBRPHA Development 1 & 2, LP's) are all nonrecourse loans. The East Baton Rouge Redevelopment Authority Loans are secured by subordinate mortgages on the applicable properties. The Promissory Notes due to the Authority and to Partners for Progress, Inc. are secured by subordinate mortgages on the respective properties.

These notes were loaned to the respective Partnerships to assist in the development of two 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 did not receive developer fees from the Partnerships. As of September 30, 2018, the Authority's share of the outstanding balances of the developer fee receivable due from the applicable partnership amounted to \$83,093. 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.

Long-term liability activity for the year ended December 31, 2017 applicable to the Partnerships, was as follows:

	January 1 2017	Increase	Decrease	December 31 2017	Due Within One Year
Permanent Mortgages Payable	\$ 7,550,671	\$ -	\$ (86,436)	\$ 7,464,235	\$ -
Other Capital Debt	3,400,000	-	-	3,400,000	-
Other Capital Debt due to The HA of EBRP	3,409,570	-	-	3,409,570	-
Other Capital Debt due to Partners for Progress, Inc.	980,200	-	-	980,200	-
Deferred Developer Fees Payable	404,835	-	-	404,835	-
Deferred Developer Fees Payable to The HA of EBRP	83,093	-	-	83,093	-
Deferred Developer Fees Payable to Partners for Progress, Inc.	120,052	-	-	120,052	-
Interest Payable	205,887	33,939	-	239,826	48,064
Interest Payable due to The HA of EBRP	330,648	78,792	-	409,440	372,656
Interest Payable due to Partners for Progress, Inc.	2,449	1,206	-	3,655	-
Operating Advance due to The HA of EBRP	104,553	-	-	104,553	-
Asset Management Fees Payable	21,176	14,779	-	35,955	-
Long-Term Liabilities	<u>\$ 16,613,134</u>	<u>\$ 128,716</u>	<u>\$ (86,436)</u>	<u>\$ 16,655,414</u>	<u>\$ 420,720</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 7 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

A summary of each Partnerships' capital debt and other noncurrent liability balances as of December 31, 2017 are as follows:

	Capital Debt	Developer Fees Payable	Other Noncurrent Liabilities	December 31, 2017 Balance	Due Within One Year
Brookstown Place	\$ 945,407	\$ 274,943	\$ 28,759	\$ 1,249,109	\$ 14,185
Cedar Pointe	2,483,369	-	23,989	2,507,358	44,593
Wesley Chapel Dev.	3,140,331	71,282	292,493	3,504,106	38,148
EBRPHA Dev. 1, LP	3,961,157	54,868	205,459	4,221,484	57,324
EBRPHA Dev. 2, LP	3,843,541	60,605	198,170	4,102,316	56,141
EBRPHA Dev. 4, LP	880,200	146,282	44,559	1,071,041	4,120
Total	<u>\$ 15,254,005</u>	<u>\$ 607,980</u>	<u>\$ 793,429</u>	<u>\$ 16,655,414</u>	<u>\$ 214,511</u>

NOTE 8 DEFERRED COMPENSATION PLAN AND OTHER POST EMPLOYMENT BENEFITS

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 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 2018, the Authority made the required contributions in the amount of \$220,417 and the employees contributed \$56,163. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

The Authority does not participate in an Other Post Employment Benefit Plan (OPEB).

NOTE 9 RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

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

Partnerships

During 2016, Brookstown Place Partnership and Cedar Pointe Subdivision received \$1,597,935 and \$4,071,571 from the insurance company, respectively. A contract was executed in January 2017 for reconstruction in the amount of \$1,180,345 for Brookstown and \$2,840,655 for Cedar Pointe. The reconstruction began in February 2017 and was completed at a cost of \$1,399,889 for Brookstown and \$3,526,662 for Cedar Pointe. In 2017, remaining insurance proceeds amounting to \$467,652 for Brookstown and \$1,204,623 for Cedar Pointe. As of December 31, 2017, all repairs to this claim had been completed.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 10 ECONOMIC DEPENDENCY

The Authority's operations are concentrated in the real estate market. The Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

The Authority receives a substantial amount of its support from the federal government in the form of subsidies and grants. If a significant reduction in the level of this support were to occur, it may have an effect on the Authority's programs and activities.

The table below lists out the revenue the Authority received and the percentage of that revenue to total revenue.

	Year Ended September 30, 2018 Total Revenue	Percentage of Total Revenue
Revenue from HUD		
Section 8 Housing Choice Voucher Program - HAP	\$ 26,915,063	70.57%
Section 8 Housing Choice Voucher Program - Administrative	2,203,025	5.78%
Public and Indian Housing	2,934,154	7.69%
Capital Fund Program	1,510,159	3.96%
Resident Opportunity & Supportive Services	32,930	0.09%
Section 8 Moderate Rehabilitation Single Room	63,495	0.17%
Total Revenue from HUD	<u>33,658,826</u>	<u>88.25%</u>
Non-HUD Funding		
Tenant Rental Revenue, Net of Bad Debt	2,120,425	5.56%
Other Income	1,586,288	4.16%
Portability-In - HAP	648,322	1.70%
Portability-In - Administrative	39,564	0.10%
Investment Income	4,336	0.01%
Fee Revenue	81,078	0.21%
Total Other Income	<u>4,480,013</u>	<u>11.75%</u>
Total Revenue	<u>\$ 38,138,839</u>	<u>100.00%</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 11 RESTRICTED CASH AND NET POSITION

Primary Government

The Authority's restricted cash and net position consisted of the following as of September 30, 2018:

Cash Held for Modernizations and Improvements	\$	506,508
Cash Held for HAP Reserves		51,896
Total Restricted Assets	\$	558,404

Partnerships

The Partnerships' restricted cash and net position consisted of the following as of December 31, 2017:

Replacement Reserve	\$	569,324
Operating Deficit Reserve		454,242
Real Estate, Tax, and Insurance Escrow		169,578
Guarantor Reserve		407,993
Debt Service Reserve		96,802
Escrow Deposits		31,012
ACC Reserve		68,568
Other Reserve		400,434
Total Restricted Cash	\$	2,197,953

NOTE 12 COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from HUD are subject to audit and adjustment by grantor agencies. If expenses are disallowed as a result of 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.

The Authority had the following outstanding contractual commitments as of September 30, 2018:

<u>Type of Commitment</u>		
Modernization and Renovations	\$	37,818

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 12 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Partners for Progress, Incorporated

The Corporation is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. In September 2011, Wesley Chapel Development, LP obtained a loan from the Louisiana Housing Finance Agency (LHFA) for \$1,000,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. The loan matures in March of 2041. As of December 31, 2017, the principal balance owed on the loan was \$1,000,000. Corporation management is anticipating the Partnership to report a balance of \$1,000,000 as of December 31, 2018, upon issuance of the Partnership's 2018 financial statements. The Corporation has guaranteed payment of the notes to Home Federal Bank and LHFA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

The Corporation is the sole member of Colonial Courts I, LLC. Colonial Courts I, LLC is the general partner of EBRPHA Development 2, LP. In January 2012, EBRPHA Development 2, LP obtained a loan from The East Baton Rouge Redevelopment Authority (The EBRRA) for an amount up to \$500,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. As of December 31, 2017, the principal balance owed on the loan was \$500,000. The Corporation has guaranteed payment of the loan to The EBRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

The Corporation is the sole member of Hospital Plaza I, LLC. Hospital Plaza I, LLC is the general partner of EBRPHA Development 1, LP. In January 2012, EBRPHA Development 1, LP obtained a loan from The East Baton Rouge Redevelopment Authority (The EBRRA) for an amount up to \$500,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. As of December 31, 2017, the principal balance owed on the loan was \$500,000. The Corporation has guaranteed payment of the loan to The EBRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

NOTE 13 OTHER NONCURRENT ASSETS

Partnerships

Other noncurrent assets consist of tax credit application fees of \$203,842, accumulated amortization of (\$102,246), utility deposits of \$2,617, a receivable due from the Authority of \$3,859 and other miscellaneous items of \$2,167.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 14 DIFFERENT REPORTING STANDARDS

The Partnerships' 2017 individual financial statements were not presented in accordance with Governmental Accounting Standards. In accordance with Accounting Standards Update 2015-03, *simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03), the Partnerships report respective debt liabilities net of certain applicable amortized debt issuance costs. And the associated amortization expense is added to and included as a component of interest expense. Certain other loan closing costs have been reported as assets. In the basic financial statements, the Partnerships' financial statements have been presented in accordance with Governmental Accounting Standards. Specifically, these financial statements have been presented to conform with GASBS No. 65, *Items Previously Reported as Assets and Liabilities*, in which debt issuance costs are to be reported as an expense in the period incurred. The conversion to the Governmental Accounting Standards presentation resulted in a reduction of assets of \$224,499, an increase of liabilities of \$174,258, a reduction of interest expense of \$12,628 and a decrease of net position of \$411,385.

NOTE 15 CORRECTION OF AN ERROR – PRIMARY GOVERNMENT

It was noted during the year ended September 30, 2018 that \$560,302 of deferred revenue and revenue had not been recorded correctly in the prior year. The correction of the error decreased deferred revenue by \$560,302. The effect on prior year net position is an increase of \$560,302.

	Deferred Revenue	Net Position
September 30, 2017 as Previously Reported	\$ 560,302	\$ 35,270,313
Cumulative Effect of the Restatement	(560,302)	560,302
September 30, 2017 as Restated	<u>\$ -</u>	<u>\$ 35,830,615</u>

NOTE 16 CORRECTION OF AN ERROR – DISCRETELY PRESENTED COMPONENT UNIT

It was noted during the year ended September 30, 2018, the Assets Held for Sale and Other Current Liabilities were misstated. The effect on the prior year net position is a decrease of \$33,211.

	Assets Held For Sale	Other Current Liabilities	Net Assets
September 30, 2017 as Previously Reported	\$ 346,334	\$ 192,873	\$ 477,608
Cumulative Effect of the Restatement	(226,084)	(192,873)	(33,211)
September 30, 2017 as Restated	<u>\$ 120,250</u>	<u>\$ -</u>	<u>\$ 444,397</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2018**

Line Item No	Account Description	Programs										61 Component Unit - Discretely Presented				
		Project Total	14 DVP Disaster Voucher Program	14 IKE DHAP-IKE	14 870 Resident Opportunity & Supportive Services	14 871 Housing Choice Vouchers	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 886 Revitalization of Severely Distressed Public Housing	97 109 Disaster Housing Assistance Grant	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc	Partnerships	Total
ASSETS																
CURRENT ASSETS																
Cash																
111	Unrestricted	\$ 5,769,388	\$ 818,869	\$ 2,810,527	\$ -	\$ 1,523,739	\$ 278,128	\$ -	\$ 1,284,986	\$ -	\$ 149,023	\$ -	\$ 12,634,660	\$ 56,290	\$ 740,031	\$ 13,430,981
113	Other Restricted	506,508	-	-	-	51,896	-	-	-	-	-	-	558,404	-	2,197,953	2,756,357
114	Tenant Security Deposits	157,304	-	-	-	-	-	-	-	-	-	-	157,304	-	105,116	262,420
100	Total Cash	6,433,200	818,869	2,810,527	-	1,575,635	278,128	-	1,284,986	-	149,023	-	13,350,368	56,290	3,043,100	16,449,758
Accounts and Notes Receivable																
122	Accounts Receivable - HUD Other Projects	1,215	-	-	4,184	-	-	-	-	-	-	-	5,399	-	-	5,399
124	Accounts Receivable - Other Government	-	-	-	-	21,387	-	-	-	-	-	-	21,387	-	-	21,387
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	208,473	-	208,473	763,056	4,916	976,445
126	Accounts Receivable - Tenants	24,688	-	-	-	21,831	-	-	-	-	-	-	46,519	-	26,463	72,982
126 1	Allowance for Doubtful Accounts - Tenants	(3,663)	-	-	-	-	-	-	-	-	-	-	(3,663)	-	-	(3,663)
126 2	Allowance for Doubtful Accounts - Other	-	-	-	-	(3,275)	-	-	-	-	-	-	(3,275)	-	-	(3,275)
127	Note, Loans and Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Total Receivables, Net	22,240	-	-	4,184	39,943	-	-	-	-	208,473	-	274,840	763,056	31,379	1,069,275
Other Current Assets																
142	Prepaid Expenses and Other Assets	282,284	-	-	-	36,008	-	-	-	-	86,201	-	404,493	1,692	97,309	503,494
143	Inventories	-	-	-	-	-	-	-	-	-	168,419	-	168,419	-	-	168,419
143 1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	(8,410)	-	(8,410)	-	-	(8,410)
144	Inter Program Due From	50,276	202	693	-	-	90	-	317	176,990	895,489	(913,568)	210,489	-	-	210,489
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	46,250	-	46,250
	Total Other Current Assets	332,560	202	693	-	36,008	90	-	317	176,990	1,141,699	(913,568)	774,991	47,942	97,309	920,242
150	Total Current Assets	6,788,000	819,071	2,811,220	4,184	1,651,586	278,218	-	1,285,303	176,990	1,499,195	(913,568)	14,400,199	867,288	3,171,788	18,439,275
NONCURRENT ASSETS																
Capital Assets																
161	Land	2,979,470	-	-	-	-	-	2,207,295	-	-	597,905	-	5,784,670	-	803,683	6,588,353
162	Buildings	36,414,927	-	-	-	390,646	-	1,089,081	-	-	1,220,141	-	39,114,795	-	44,778,744	83,893,539
164	Furniture, Equipment, and Machinery - Administration	262,119	12,366	-	-	97,813	-	19,195	-	-	42,399	-	433,892	15,418	3,220,889	3,670,199
165	Leasehold Improvements	5,042,977	-	-	-	-	-	206,069	-	-	676,667	-	5,925,713	-	4,701,168	10,626,881
166	Accumulated Depreciation	(29,512,185)	(12,366)	-	-	(454,081)	-	(697,007)	-	-	(1,284,699)	-	(31,960,338)	(10,793)	(10,436,050)	(42,407,181)
167	Construction in Progress	1,524,849	-	-	-	-	-	-	-	-	-	-	1,524,849	-	-	1,524,849
160	Total Capital Assets, Net	16,712,157	-	-	-	34,378	-	2,824,633	-	-	1,252,413	-	20,823,581	4,625	43,068,434	63,896,640
171	Note, Loans and Mortgages Receivable - Non-Current	3,037,070	-	-	-	-	-	-	-	-	418,000	-	3,455,070	1,260,055	-	4,715,125
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	110,239	110,239
180	Total Noncurrent Assets	19,749,227	-	-	-	34,378	-	2,824,633	-	-	1,670,413	-	24,278,651	1,264,680	43,178,673	68,722,004
190	Total Assets	\$ 26,537,227	\$ 819,071	\$ 2,811,220	\$ 4,184	\$ 1,685,964	\$ 278,218	\$ 2,824,633	\$ 1,285,303	\$ 176,990	\$ 3,169,608	\$ (913,568)	\$ 38,678,850	\$ 2,131,968	\$ 46,350,461	\$ 87,161,279

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Line Item No	Account Description	Project Total	Programs										6.1 Component Unit - Discretely Presented				
			14 DVP Disaster Voucher	14 870 Resident Opportunity & Supportive Services	14 871 Housing Choice Vouchers	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 886 Revitalization of Severely Distressed Public Housing	97 109 Disaster Housing Assistance Grant	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for- Progress, Inc.	Partnerships	Total		
			14 IKE DHAP-IKE														
LIABILITIES AND NET POSITION																	
CURRENT LIABILITIES																	
312	Accounts Payable <= 90 Days	\$ 619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,810	\$ 14,841	\$ -	\$ 55,270	\$ 559	\$ 91,651	\$ 147,480
321	Accrued Wage/Payroll Taxes Payable	50,732	-	-	-	40,548	122	-	-	-	-	264,509	-	355,911	6,121	-	362,032
322	Accrued Compensated Absences - Current Portion	23,345	-	-	-	27,803	-	-	-	-	-	30,418	-	81,566	3,344	-	84,910
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,554	43,554
331	Accounts Payable - HUD PHA Programs	-	-	-	-	276,893	18,642	-	-	-	-	-	-	295,535	-	-	295,535
332	Accounts Payable - PHA Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
341	Tenant Security Deposits	157,304	-	-	-	-	-	-	-	-	-	-	-	157,304	-	105,132	262,436
342	Unearned Revenues	40	-	-	-	-	-	-	-	-	111,740	-	-	111,780	-	11,970	123,750
343	Current Portion of Long-Term Debt - Capital Projects/Mortgage Revenue Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
345	Other Current Liabilities	-	-	-	-	16,281	-	-	-	-	-	-	-	16,281	-	94,851	111,132
346	Accrued Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
347	Inter Program - Due To	1,175	-	-	4,184	582	-	907,627	-	-	-	-	(913,568)	-	210,489	-	210,489
348	Loan Liability - Current	192,210	-	-	-	-	-	-	-	-	-	-	-	192,210	137,125	97,114	426,449
310	Total Current liabilities	425,425	-	-	4,184	362,107	18,764	907,627	-	-	151,550	309,768	(913,568)	1,265,857	357,638	444,272	2,067,767
NONCURRENT LIABILITIES																	
351	Long-Term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	1,326,284	16,478,686	17,804,970
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,940	31,940
354	Accrued Compensated Absences - Noncurrent	42,894	-	-	-	63,083	-	-	-	-	-	53,649	-	159,626	-	-	159,626
355	Loan Liability - Non Current	2,357,980	-	-	-	-	-	-	-	-	-	-	-	2,357,980	-	-	2,357,980
350	Total Noncurrent liabilities	2,400,874	-	-	-	63,083	-	-	-	-	-	53,649	-	2,517,606	1,326,284	16,510,626	20,354,516
300	Total Liabilities	2,826,299	-	-	4,184	425,190	18,764	907,627	-	-	151,550	363,417	(913,568)	3,783,463	1,683,922	16,954,898	22,422,283
NET POSITION																	
508.4	Net Investment in Capital Assets	16,712,157	-	-	-	34,378	-	2,824,633	-	-	-	1,252,413	-	20,823,581	4,625	42,661,674	63,489,880
511.4	Restricted	506,508	-	-	-	51,896	-	-	-	-	-	-	-	558,404	-	2,201,953	2,760,357
512.4	Unrestricted	6,492,263	819,071	2,811,220	-	1,174,500	259,454	(907,627)	1,285,303	25,440	1,553,778	-	13,513,402	443,421	(15,468,064)	(1,511,241)	
513	Total Net Position	23,710,928	819,071	2,811,220	-	1,260,774	259,454	1,917,006	1,285,303	25,440	2,806,191	-	34,895,387	448,046	29,395,563	64,738,996	
600	Total Liabilities and Net Position	\$ 26,537,227	\$ 819,071	\$ 2,811,220	\$ 4,184	\$ 1,685,964	\$ 278,218	\$ 2,824,633	\$ 1,285,303	\$ 176,990	\$ 3,169,608	\$ (913,568)	\$ 38,678,850	\$ 2,131,968	\$ 46,350,461	\$ 87,161,279	

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Line Item No	Account Description	Project Total	Programs								6 1 Component Unit - Discretely Presented						
			14 DVP Disaster Voucher Program	14 IKE DHAP-IKE	14 870 Resident Opportunity & Supportive Services	14 871 Housing Choice Vouchers	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 886 Revitalization of Severely Distressed Public Housing	97 109 Disaster Housing Assistance Grant	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc	Partnerships	Total	
REVENUE																	
70300	Net Tenant Rental Revenue	\$ 2,048,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61,420	\$ -	\$ -	\$ 2,109,496	\$ -	\$ 1,373,429	\$ 3,482,925
70400	Tenant Revenue - other	170,863	-	-	-	-	-	-	-	-	-	-	-	170,863	-	18,959	189,822
70500	Total Tenant Revenue	2,218,939	-	-	-	-	-	-	-	-	61,420	-	-	2,280,359	-	1,392,388	3,672,747
70600	HUD PHA Operating Grants	3,232,805	-	-	32,930	29,118,088	63,495	-	-	-	-	-	-	32,447,318	-	1,158,964	33,606,282
70610	Capital Grants	1,211,508	-	-	-	-	-	-	-	-	-	-	-	1,211,508	-	-	1,211,508
70710	Management Fee	-	-	-	-	-	-	-	-	-	-	1,148,716	(1,067,638)	81,078	-	-	81,078
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	-	105,270	(105,270)	-	-	-	-
70730	Book-Keeping Fee	-	-	-	-	-	-	-	-	-	-	365,777	(365,777)	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	-	1,619,763	(1,538,685)	81,078	-	-	81,078
71100	Investment Income - Unrestricted	1,552	202	693	-	367	90	-	317	-	-	1,115	-	4,336	-	5,605	9,941
71400	Fraud Recovery	-	-	-	-	63,244	-	-	-	-	-	-	-	63,244	-	-	63,244
71500	Other Revenue	177,216	-	-	-	777,592	72	-	-	1,164,418	91,632	-	-	2,210,930	374,839	87,876	2,673,645
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,250)	-	(47,250)
70000	Total Revenue	6,842,020	202	693	32,930	29,959,291	63,657	-	317	1,225,838	1,712,510	(1,538,685)	-	38,298,773	327,589	2,644,833	41,271,195
EXPENSES																	
Administrative																	
91100	Administrative Salaries	335,171	-	-	-	804,630	2,904	-	-	-	974,555	-	-	2,117,260	122,855	210,340	2,450,455
91200	Auditing Fees	24,844	-	-	-	28,111	285	-	-	-	3,549	-	-	56,789	-	17,781	74,570
91300	Management Fee	627,033	-	-	-	440,605	-	-	-	-	-	-	(1,067,638)	-	61,078	-	61,078
91310	Book-Keeping Fee	74,514	-	-	-	291,263	-	-	-	-	-	-	(365,777)	-	-	-	-
91400	Advertising and Marketing	-	-	-	-	-	-	-	-	-	28,000	-	-	28,000	1,500	848	30,348
91500	Employee Benefit Contributions - Administrative	89,493	-	-	-	276,511	813	-	-	-	233,260	-	-	600,077	38,454	82,984	721,515
91600	Office Expenses	84,411	-	-	-	203,166	-	-	-	1,150	393,417	-	-	682,144	9,578	77,813	769,535
91700	Legal Expense	-	-	-	-	-	-	-	-	-	21,809	-	-	21,809	1,845	1,139	24,793
91800	Travel	2,760	-	-	315	2,549	-	-	-	-	15,044	-	-	20,668	3,341	4,162	28,171
91900	Other	49,350	-	-	-	-	-	-	-	-	49,350	-	-	49,350	20,963	74,974	145,287
91000	Total Operating - Administrative	1,287,576	-	-	315	2,046,835	4,002	-	-	1,150	1,669,634	(1,433,415)	-	3,576,097	279,614	470,041	4,325,752
92000	Asset Management Fee	105,270	-	-	-	-	-	-	-	-	-	-	(105,270)	-	-	-	-
Tenant Services																	
92100	Tenant Services - Salaries	85,482	-	-	19,517	-	-	-	-	-	-	-	-	104,999	-	-	104,999
92300	Employee Benefit Contributions - Tenant Services	24,961	-	-	2,500	-	-	-	-	-	-	-	-	27,461	-	-	27,461
92400	Tenant Services - Other	33,636	-	-	10,598	-	-	-	-	-	-	-	-	44,234	30,000	-	74,234
92500	Total Tenant Services	144,079	-	-	32,615	-	-	-	-	-	-	-	-	176,694	30,000	-	206,694
Utilities																	
93100	Water	75,455	-	-	-	199	-	-	-	90	899	-	-	76,643	61	21,049	97,753
93200	Electricity	503,926	-	-	-	3,881	-	-	-	341	21,677	-	-	529,825	1,189	34,533	565,547
93300	Gas	101,104	-	-	-	641	-	-	-	52	709	-	-	102,506	197	-	102,703
93400	Fuel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	18	18
93600	Sewer	304,044	-	-	-	1,032	-	-	-	260	1,452	-	-	306,788	316	11,894	318,998
93000	Total Utilities	984,529	-	-	-	5,753	-	-	-	743	24,737	-	-	1,015,762	1,763	67,494	1,065,019

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Line Item No	Account Description	Project Total	Programs										6 1 Component Unit - Discretely Presented				
			14 DVP Disaster Voucher Program	14 IKE DHAP-IKE	14 870 Resident Opportunity & Supportive Services	14 871 Housing Choice Vouchers	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 886 Revitalization of Severely Distressed Public Housing	97 109 Disaster Housing Assistance Grant	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc	Partnerships	Total	
EXPENSES (CONTINUED)																	
94100	Ordinary Maintenance and Operations - Labor	\$ 542,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,745	\$ -	\$ 640,771	\$ -	\$ 168,442	\$ 809,213
94200	Ordinary Maintenance and Operations - Materials and Other	440,515	-	-	-	274	-	-	-	-	2,109	6,910	-	449,808	10	38,055	487,873
94300	Ordinary Maintenance and Operations - Contracts	774,283	-	-	-	24,003	-	-	-	-	-	52,300	-	850,586	2,046	639,261	1,491,893
94500	Employee Benefit Contributions - Ordinary Maintenance	143,237	-	-	-	-	-	-	-	-	-	29,733	-	172,970	-	-	172,970
94000	Total Maintenance	1,900,061	-	-	-	24,277	-	-	-	-	2,109	187,688	-	2,114,135	2,056	845,758	2,961,949
Protective Services																	
95200	Protective Services - Other Contract Costs	63,410	-	-	-	-	-	-	-	-	-	-	-	63,410	-	-	63,410
95000	Total Protective Services	63,410	-	-	-	-	-	-	-	-	-	-	-	63,410	-	-	63,410
Insurance Premiums																	
96110	Property Insurance	492,440	-	-	-	-	-	-	-	-	-	20,743	-	513,183	-	190,479	703,662
96120	Liability Insurance	49,930	-	-	-	47,449	-	-	-	-	-	12,385	-	109,764	-	-	109,764
96130	Workmen's Compensation	42,251	-	-	-	33,225	120	-	-	-	-	38,092	-	113,688	5,079	14,634	133,401
96140	All Other Insurance	31,884	-	-	-	25,941	-	-	-	-	-	90,973	-	30,973	3,886	879	95,738
96100	Total Insurance Premiums	616,505	-	-	-	106,615	120	-	-	-	-	104,368	-	827,608	8,965	205,992	1,042,565
Other General Expenses																	
96200	Other General Expenses	95,336	-	-	-	30,300	-	-	-	-	40,176	-	-	165,812	-	275,351	441,163
96210	Compensated Absences	5,736	-	-	-	-	-	-	-	-	-	-	-	5,736	-	-	5,736
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
96400	Bad Debt - Tenant Rents	67,955	-	-	-	7,824	-	-	-	-	-	84,155	-	159,934	-	4,631	164,565
96000	Total Other General Expenses	169,027	-	-	-	38,124	-	-	-	-	40,176	84,155	-	331,482	-	279,982	611,464
96720	Interest on Notes Payable	188,652	-	-	-	-	-	-	-	-	-	-	-	188,652	-	638,798	827,450
96700	Total Interest Expense and Amortization	188,652	-	-	-	-	-	-	-	-	-	-	-	188,652	-	638,798	827,450
96900	Total Operating Expenses	5,459,109	-	-	32,930	2,221,604	4,122	-	-	44,178	2,070,582	(1,538,686)	-	8,293,840	322,398	2,508,065	11,124,303
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	1,382,911	202	693	-	27,737,687	59,535	-	317	1,181,660	(358,072)	-	-	30,004,933	5,191	136,768	30,146,892
Other Expenses																	
97100	Extraordinary Maintenance	110,580	-	-	-	-	-	-	-	-	-	-	-	110,580	-	-	110,580
97200	Casualty Loss - Non-Capitalized	482	-	-	-	-	-	-	-	-	-	-	-	482	-	-	482
97300	Housing Assistance Payments	-	-	-	-	26,894,790	41,610	-	-	1,156,220	-	-	-	28,092,620	-	-	28,092,620
97350	HAP Portability-In	-	-	-	-	648,322	-	-	-	-	-	-	-	648,322	-	-	648,322
97400	Depreciation Expense	1,450,174	-	-	-	7,694	-	-	-	-	-	118,441	-	1,644,475	1,542	1,683,898	3,329,915
	Total Other Expenses	1,561,236	-	-	-	27,550,806	41,610	-	-	1,156,220	-	118,441	-	30,496,479	1,542	1,683,898	32,181,919
90000	Total Expenses	7,020,345	-	-	32,930	29,772,410	45,732	68,166	-	1,200,398	2,189,023	(1,538,686)	-	38,790,319	323,940	4,191,963	43,306,222
OTHER FINANCING SOURCES (USES)																	
10010	Operating Transfer In	208,652	-	-	-	-	-	-	-	-	-	(208,652)	-	-	-	-	-
10020	Operating Transfer Out	(208,652)	-	-	-	-	-	-	-	-	-	208,652	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	(443,682)	-	89,996	(353,686)
10100	Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	(443,682)	-	89,996	(353,686)
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(178,325)	202	693	-	186,881	17,925	(68,166)	(443,365)	25,440	(476,513)	-	(935,228)	3,649	(1,457,134)	(2,388,713)	
11030	Beginning Equity	23,328,951	818,869	2,810,527	-	1,073,893	241,529	1,985,172	1,728,668	-	3,282,704	-	35,270,313	477,608	30,852,697	66,800,618	
11040	Prior Period Adjustment, Equity Transfer	560,302	-	-	-	-	-	-	-	-	-	-	560,302	(33,211)	-	-	527,091
NET POSITION - END OF YEAR		\$ 23,710,928	\$ 819,071	\$ 2,811,220	\$ -	\$ 1,260,774	\$ 259,454	\$ 1,917,006	\$ 1,285,303	\$ 25,440	\$ 2,806,191	\$ -	\$ 34,895,387	\$ 448,046	\$ 29,395,563	\$ 64,738,996	

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Line Item No	Account Description	Project Total	Programs										6 1 Component Unit - Discretely Presented						
			14 DVP Disaster Voucher Program	14 IKE DHAP-IKE	14 870 Resident Opportunity & Supportive Services	14 871 Housing Choice Vouchers	14 249 Section 8 Moderate Rehabilitation Single Room Occupancy	14 886 Revitalization of Severely Distressed Public Housing	97 109 Disaster Housing Assistance Grant	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc	Partnerships	Total			
11020	Required Annual Debt Principal Payments	\$ 195,349	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 195,349	\$ -	\$ 97,114	\$ 292,463
11030	Beginning Equity	\$ 23,328,951	\$ 818,869	\$ 2,810,527	\$ -	\$ 1,073,893	\$ 241,529	\$ 1,985,172	\$ 1,728,668	\$ -	\$ 3,282,704	\$ -	\$ -	\$ -	\$ 35,270,313	\$ 477,608	\$ 30,852,697	\$ 66,600,618	
11170	Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ 1,208,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,208,880	\$ -	\$ -	\$ 1,208,880	
11180	Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ 51,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,894	\$ -	\$ -	\$ 51,894	
11190	Unit Months Available	10,727	-	-	-	47,454	288	-	-	-	-	-	-	-	58,469	-	3,732	62,201	
11210	Number of Unit Months Leased	10,268	-	-	-	38,835	288	-	-	-	-	-	-	-	49,391	-	2,938	52,329	
11270	Excess Cash	\$ 4,646,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,646,413	\$ -	\$ -	\$ 4,646,413	
11610	Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11620	Building Purchases	\$ 1,016,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,016,159	\$ -	\$ -	\$ 1,016,159	
11630	Furniture & Equipment - Dwelling Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11640	Furniture & Equipment - Admin Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11650	Leasehold Improvements Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
11660	Infrastructure Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
13510	CFFP Debt Service Payments	\$ 384,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 384,001	\$ -	\$ -	\$ 384,001	
13901	Replacement Housing Factor Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
COMBINING SCHEDULE OF THE DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2018**

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, LP	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	Total
Assets							
Current Assets	\$ 117,790	\$ 774,729	\$ 632,843	\$ 662,330	\$ 653,644	\$ 330,452	\$ 3,171,788
Other Assets	5,949	25,876	2,167	23,032	21,279	31,936	110,239
Capital Assets	3,504,606	10,193,053	8,413,571	7,745,534	7,724,379	5,487,291	43,068,434
Total Assets	\$ 3,628,345	\$ 10,993,658	\$ 9,048,581	\$ 8,430,896	\$ 8,399,302	\$ 5,849,679	\$ 46,350,461
Liabilities							
Current Laibilities	\$ 32,888	\$ 105,008	\$ 88,697	\$ 104,602	\$ 94,067	\$ 19,010	\$ 444,272
Non-Current Laibilities	1,234,924	2,462,765	3,470,998	4,196,502	4,078,516	1,066,921	16,510,626
Total Laibilities	1,267,812	2,567,773	3,559,695	4,301,104	4,172,583	1,085,931	16,954,898
Net Position							
Net Investment in Capital Assets	3,504,606	10,193,053	8,413,571	7,745,534	7,724,379	5,487,291	43,068,434
Restricted Net Position	59,156	404,084	574,725	484,848	472,794	206,346	2,201,953
Unrestricted Net Position	(1,203,229)	(2,171,252)	(3,499,410)	(4,100,590)	(3,970,454)	(929,889)	(15,874,824)
Total Net Position	2,360,533	8,425,885	5,488,886	4,129,792	4,226,719	4,763,748	29,395,563
Total Laibilities and Net Position	\$ 3,628,345	\$ 10,993,658	\$ 9,048,581	\$ 8,430,896	\$ 8,399,302	\$ 5,849,679	\$ 46,350,461

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
COMBINING SCHEDULE OF THE DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2018**

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, LP	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	Total
Operating Revenue							
Tenant Revenue	\$ 237,714	\$ 794,952	\$ 84,471	\$ 114,228	\$ 107,778	\$ 53,245	\$ 1,392,388
Operating Grant Revenue	-	-	517,072	224,498	222,458	194,936	1,158,964
Other Revenue	-	-	-	46,640	41,236	-	87,876
Total Operating Revenue	<u>237,714</u>	<u>794,952</u>	<u>601,543</u>	<u>385,366</u>	<u>371,472</u>	<u>248,181</u>	<u>2,639,228</u>
Operating Expenses							
Administrative	31,864	105,088	133,160	66,797	69,617	63,515	470,041
Utilities	434	4,806	29,728	9,785	10,035	12,706	67,494
Maintenance	62,610	213,412	166,700	145,690	164,393	92,953	845,758
Insurance Premiums	21,449	64,285	42,451	26,451	26,484	24,872	205,992
Other General Expense	41,210	86,576	63,022	33,469	34,256	21,449	279,982
Depreciation Expense	136,371	402,548	307,943	329,601	324,234	183,201	1,683,898
Total Operating Expenses	<u>293,938</u>	<u>876,715</u>	<u>743,004</u>	<u>611,793</u>	<u>629,019</u>	<u>398,696</u>	<u>3,553,165</u>
Operating (Loss)	(56,224)	(81,763)	(141,461)	(226,427)	(257,547)	(150,515)	(913,937)
Nonoperating Revenues (Expenses)							
Investment Income	52	1,542	1,467	1,094	1,093	357	5,605
Interest Expense	(66,725)	(181,093)	(144,776)	(118,885)	(113,637)	(13,682)	(638,798)
Special Items	(48)	124,943	(34,899)	-	-	-	89,996
Total Nonoperating Revenue (Expenses)	<u>(66,721)</u>	<u>(54,608)</u>	<u>(178,208)</u>	<u>(117,791)</u>	<u>(112,544)</u>	<u>(13,325)</u>	<u>(543,197)</u>
Decrease in Net Position	(122,945)	(136,371)	(319,669)	(344,218)	(370,091)	(163,840)	(1,457,134)
Net Position Beginning of Year December 31, 2016	<u>2,483,478</u>	<u>8,562,256</u>	<u>5,808,555</u>	<u>4,474,010</u>	<u>4,596,810</u>	<u>4,927,588</u>	<u>30,852,697</u>
Net Position, End of Year December 31, 2017	<u>\$ 2,360,533</u>	<u>\$ 8,425,885</u>	<u>\$ 5,488,886</u>	<u>\$ 4,129,792</u>	<u>\$ 4,226,719</u>	<u>\$ 4,763,748</u>	<u>\$ 29,395,563</u>



INDEPENDENT AUDITORS' REPORT ON SCHEDULE AND CERTIFICATION OF CAPITAL FUND PROGRAM COSTS

Board of Commissioners
The Housing Authority of East Baton Rouge Parish
Baton Rouge, Louisiana

We have audited the accompanying schedule of closed grants of the Housing Authority of East Baton Rouge (the Authority) for the year ended September 30, 2018.

Management's Responsibility for the Schedule

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

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

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

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

Opinion

In our opinion, the schedule of closed grants referred to above presents fairly, in all material respects the funds approved, advanced, and expended for Capital Fund Program grants listed in the Schedule of Grant Status of the Authority for the year ended September 30, 2018, in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 SCHEDULE OF GRANT STATUS
 YEAR ENDED SEPTEMBER 30, 2018**

Public Housing Capital Fund Program

	<u>LA48P003501-15</u> <u>CFDA 14.872</u>	<u>LA48P003501-16</u> <u>CFDA 14.872</u>
Funds Approved	\$ 1,147,857	\$ 1,203,561
Funds Expended	<u>1,147,857</u>	<u>1,203,561</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>
Funds Approved	\$ 1,147,857	\$ 1,203,561
Funds Expended	<u>1,147,857</u>	<u>1,203,561</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>



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

Board of Commissioners
The Housing Authority of East Baton Rouge Parish
Baton Rouge, Louisiana

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 financial statements of the business-type activities and the aggregate discretely presented component units of the Housing Authority of East Baton Rouge Parish (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 8, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Question Costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

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*.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying corrective action plan. 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.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019



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

Board of Commissioners
The Housing Authority of East Baton Rouge Parish
Baton Rouge, Louisiana

Report on Compliance for the Major Federal Program

We have audited the Housing Authority of Eat Baton Rouge Parish's (the Authority) compliance with the types of compliance requirements described 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, 2018. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal 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 major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

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

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.

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

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.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018**

Federal Grantor Program	Federal CFDA Number	Federal Expenditures
Direct Federal Assistance		
<u>United States Department of Housing and Urban Development</u>		
Public and Indian Housing	14.850	\$ 2,934,153
Public Housing Capital Fund	14.872	1,510,159
Housing Choice Voucher Program	14.871	29,118,088
Resident Opportunity and Supportive Services	14.870	32,930
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	<u>63,495</u>
Total Direct Federal Assistance		\$ 33,658,825
Indirect Federal Assistance		
<u>United States Department of Housing and Urban Development</u>		
Passed through City of Baton Rouge Parish of East Baton Rouge, Louisiana HOME Investments Partnership Program	14.239	<u>667,959</u>
Total Indirect Federal Assistance		<u>667,959</u>
Total Federal Assistance		<u><u>\$ 34,326,784</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2018**

NOTE 1 BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Authority under programs of the federal government for the year ended September 30, 2018. The information on this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of operations of the Authority, it is not intended to and does not present the financial net 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 allowed or are limited as to reimbursement. The Authority has elected not to use the 10% De Minimus Indirect Cost Rate allowed under Uniform Guidance.

NOTE 3 OUTSTANDING LOAN

The Authority had the following loan balances outstanding at September 30, 2018.

Federal Grantor Program	Federal CFDA Number	Amount Outstanding
HOME Investment Partnership Program	14.239	<u>\$ 346,084</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? X Yes No
 - Significant deficiency identified? Yes X None Reported
3. Noncompliance material to financial statements noted? Yes X No

Federal Awards

1. Internal control over major federal programs:
- Material weakness identified? Yes X No
 - Significant deficiency identified? Yes X None Reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
14.871	Housing Choice Voucher Program
14.872	Capital Fund Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,009,765

Auditee qualified as low-risk auditee? X Yes No

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings

Finding 2018 – 001 – Restatement of Unearned Revenue Beginning Balance

Type of Finding: Material Weakness, Internal Control

Criteria or specific requirement: The Authority is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: In a prior year, the Authority recognized insurance proceeds as unearned revenue. The insurance proceeds should have been recognized as revenue when received.

Context: Unearned revenue was overstated and unrestricted net position was understated in the amount of \$560,302.

	Deferred Revenue	Net Position
September 30, 2017 as Previously Reported	\$ 560,302	\$ 35,270,313
Cumulative Effect of the Restatement	(560,302)	560,302
September 30, 2017 as Restated	\$ -	\$ 35,830,615

Effect: The prior year financial statements were materially misstated.

Cause: The Authority's system of internal control over financial reporting did not prevent a material error from being made in the preparation of the prior year financial statements.

Repeat Finding: No.

Recommendation: The Authority should implement procedures to ensure compliance with GAAP related to insurance recovery transactions.

Views of responsible officials: There is no disagreement. The previous recording was to address a potential financial risk. Insurance proceeds were recorded as stated under "Condition" as a mitigation strategy. This was decided to secure a potential reallocation by HUD. It is noted that previous audits and REAC submissions were accepted/approved. Future transactions will be properly reported.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2018**

Section II – Financial Statement Findings (Continued)

Finding 2018 – 002 – Restatement of Beginning Balances

Type of Finding: Material Weakness, Internal Control

Criteria or specific requirement: The Corporation is responsible for establishing and maintaining internal controls to ensure that transactions are properly reported in the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition: The Corporation did not have reconciliations or record the current year activity for the following financial statement line items:

- Assets Held for Sale
- Accounts Receivable
- Other Current Liabilities
- Gain or Loss on Sale of Assets
- Sale of Buildings
- Debt Forgiveness

Context: The following account balances for Partners for Progress Incorporated were effected as a result of these internal controls:

	Assets Held For Sale	Other Current Liabilities	Net Assets
September 30, 2017 as Previously Reported	\$ 346,334	\$ 192,873	\$ 477,608
Cumulative Effect of the Restatement	(226,084)	(192,873)	(33,211)
September 30, 2017 as Restated	\$ 120,250	\$ -	\$ 444,397

Effect: The prior year financial statements were materially misstated. In addition the current year activity for the Loss on Sale of Assets, Sale of Buildings, and Debt Forgiveness was not recorded by the Corporation until identified by the auditors.

Cause: The Authority's system of internal control over financial reporting did not prevent a material error from being made in the preparation of the prior year financial statements.

Repeat Finding: No.

Recommendation: The Authority should implement procedures to ensure compliance with GAAP related to the discretely presented component unit transactions.

Views of responsible officials: There is no disagreement. The findings and noted condition is specific and isolated to one of the Corporation's projects, the Copper Oaks Subdivision Development/real estate transaction. The overall effect was a decrease in prior year net assets of \$33,211. Future year activities will be reconciled and recorded accordingly.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
YEAR ENDED SEPTEMBER 30, 2018**

EXPENDITURE PURPOSE

Salary	\$ 193,992
Benefits-Insurance	10,360
Benefits-Retirement	21,510
Car Allowance	5,700
Per Diem	1,547
Registration Fees	2,280
Conference Travel	6,438
	<hr/>

Total Compensation, Benefits, and Other Payments	<u><u>\$ 241,827</u></u>
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Agency Head: Richard Murray, Chief Executive Officer
Period: October 1, 2017 through September 30, 2018

EXPENDITURE PURPOSE

Salary	\$ 25,520
Benefits-Insurance	1,851
Benefits-Retirement	3,150
Car Allowance	-
Per Diem	111
Registration Fees	-
Travel	225
Conference Travel	334
	<hr/>

Total Compensation, Benefits, and Other Payments	<u><u>\$ 31,191</u></u>
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Agency Head: Jim Daniels, Acting Chief Executive Officer
Period: August 1, 2018 through September 30, 2018

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer 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*.

For the year ended September 30, 2018, the Authority had a transition in CEOs. There was a slight overlap in the position of CEO, as Mr. Daniels was hired as acting CEO August 1, 2018 and Mr. Murray received his final payment at year-end. Due to this overlap, the Authority disclosed both CEO's information.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
YEAR ENDED SEPTEMBER 30, 2018**

EXPENDITURE PURPOSE

Salary	\$	-
Benefits-Insurance		-
Benefits-Retirement		-
Car Allowance		-
Per Diem		-
Registration Fees		-
Conference Travel		-
		-
Total Compensation, Benefits, and Other Payments	\$	-

Agency Head: Richard Murray, Chief Executive Officer
Period: October 1, 2017 through September 30, 2018

EXPENDITURE PURPOSE

Salary	\$	-
Benefits-Insurance		-
Benefits-Retirement		-
Car Allowance		-
Per Diem		-
Registration Fees		-
Conference Travel		-
		-
Total Compensation, Benefits, and Other Payments	\$	-

Agency Head: Jim Daniels, Acting Chief Executive Officer
Period: August 1, 2018 through September 30, 2018

Basis of Presentation:

The above Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer 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*.

For the year ended September 30, 2018, the Authority had a transition in CEOs. There was a slight overlap in the position of CEO, as Mr. Daniels was hired as acting CEO August 1, 2018 and Mr. Murray received his final payment at year-end. Due to this overlap, the Authority disclosed both CEO's information.



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by The Housing Authority of East Baton Rouge Parish (the Authority) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period October 1, 2017 through September 30, 2018. The Authority's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The Authority did not have any exception noted in the following procedure during fiscal year 2017, the testing of these procedures was excluded during fiscal year 2018: Bank Reconciliations, Collections, Disbursements, Credit Cards, Travel and Expense Reimbursement, Contracts, Payroll and Personnel, Ethics, Debt Service, and Other.

See Addendum A following this Report for a description of the SAUPs. The associated results and conclusions are as follows:

Written Policies and Procedures

The Authority was able to provide written policies which addressed how vendors are added to the Vendor List (Purchasing), Receipts processing or Debt Service requirements.

Board

Board meeting were held in 11 of the 12 months, of the 11 meeting held 2 of them did not have quorum. Budget-to-Actual monthly comparisons were not consistently referenced throughout the year. However, 'financial reports' were noted regularly throughout the minutes of the monthly board meetings. Non-budgetary financial information (contract approvals) were discussed during 3 of the 11 of the meeting.

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

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 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.

The purpose of this report is 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.



CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

ADDENDUM A

Introduction and General Comments

The Louisiana Legislative Auditor (LLA) has prescribed statewide agreed-upon procedures (AUPs) below, which are intended to represent a minimum level of additional work to be performed at those local entities (local governments and quasi-public organizations, including nonprofits) that meet the legal requirement to have an audit under the Audit Law. Those local entities that do not meet the legal requirement to have an audit under the Audit Law are exempt from performing these AUPs. State entities that are included in the Comprehensive Annual Financial Report of the State of Louisiana, or local entities subject to Act 774 of 2014 (St. Tammany Parish), are likewise exempt from the AUPs below. These AUPs will be effective beginning with those entities that have a June 30, 2017, fiscal year-end.

The AUPs are to be performed under the AICPA attest standards, and the AUP report must be attached to the audit report that is submitted to the Legislative Auditor's office (i.e. one Adobe pdf file submitted to the LLA rather than two). The AUPs are required to be performed by the same firm that performs the annual audit; accordingly, a separate "engagement approval form" for the statewide AUP engagement is not required.

The practitioner should consider these AUPs to be "complementary" rather than "additive" as they may duplicate existing audit procedures. For example, if the AUP below indicates that 25 random transactions should be selected and the practitioner would otherwise plan to test 40 random transactions as part of the entity's audit, the practitioner may use 25 of the 40 transactions for both the audit and the AUP engagement. Also, the scope of the procedures applies to the primary reporting entity and is not required to be extended to discretely presented component units of the entity.

All exceptions are to be included in the AUP report with management's responses/corrective actions. Management may either prepare a single overall response to the AUP report or may respond after each procedure.

If the entity employs one or more internal auditors; the practitioner documents reliance upon the internal audit function as part of the entity's audit; and the internal auditor performs one or more of the specific procedures identified below (internal auditor is not required to perform procedures under the attest standards), the practitioner does not have to include those specific procedures as part of the scope of the AUP engagement or in the AUP report. In that situation, the practitioner should perform the remaining AUPs under the attest standards and document in the AUP report. The practitioner must also include a copy of the internal auditor's procedures performed and exceptions noted when submitting the audit report and AUP report to the LLA. In this situation, all three reports should be submitted to the LLA as one Adobe pdf file, and all three reports will be issued by the LLA as public documents.

Please note that the results of the AUPs do not change the practitioner's separate responsibility to report significant deficiencies, material weaknesses, material noncompliance, etc., as part of the regular audit engagement. However, the practitioner should not include the AUP exceptions or internal auditor's exceptions (or a reference to the exceptions) in the audit report's schedule of findings, unless an AUP or internal audit exception rises to the level of a significant deficiency or material weakness and is included as a finding for purposes of the audit.

Introduction and General Comments (Continued)

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month “fiscal period” that does not coincide with the entity’s “fiscal year”, as long as the 12-month fiscal period is no more than three months prior to the end of the entity’s fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2016 through March 31, 2017 for an entity with a fiscal year ending June 30, 2018. All AUPs below will reference fiscal period to mean the 12 months covered by the AUPs.

For nonprofit entities, only those AUPs relevant to public monies (and only to the extent that the AUPs are applicable) are required to be included in the scope of the AUP engagement. For example, if a nonprofit receives \$10 million in nonpublic funds and also receives \$600,000 in public funds, only the \$600,000 would be subject to these AUPs if the funds are not otherwise commingled. In this example, if the nonprofit did not use the \$600,000 in public funds for payroll or travel expenses, the portions of the AUPs relating to these areas are not required to be included in the scope of the AUP engagement or report.

Additional instructions concerning engagement approvals, report submission protocols, and the availability of forms, examples, and tools related to these procedures will be communicated as they are finalized.

Written Policies and Procedures

1. Obtain the entity’s written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts**, including receiving, recording, and preparing deposits.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111- 1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity’s ethics policy. Note: Ethics requirements are not applicable to nonprofits.
 - j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board (or Finance Committee, if Applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included nonbudgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

Collections (Continued)

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Disbursements – General (Excluding Credit Card/Debit Card/Fuel Card/P-Card Purchases or Payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Disbursements – General (Excluding Credit Card/Debit Card/Fuel Card/P-Card Purchases or Payments (Continued)

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.
11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or nonbusiness purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
 - a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
 - b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

Travel and Expense Reimbursement (Continued)

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger, and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes, or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
 - d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
 - e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Payroll and Personnel)

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (Excluding Nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Debt Service (Excluding Nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.



CORRECTIVE ACTION PLAN

The Housing Authority of East Baton Rouge respectfully submits the following corrective action plan for the year ended September 30, 2018.

Audit period: October 1, 2017 – September 30, 2018

The finding from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDINGS—FINANCIAL STATEMENTS

2018-001 Restatement of Unearned Revenue Beginning Balance

Type of Finding: Material Weakness, Internal Control

Recommendation: The Authority should implement procedures to ensure compliance with GAAP when reporting insurance proceeds.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: Correction was made in the current year.

Name of the contact person responsible for corrective action: Jim Daniels, Chief Executive Officer.

Planned completion date for corrective action plan: May 8, 2019

2018-002 Restatement of Beginning Balances

Type of Finding: Material Weakness, Internal Control

Recommendation: The Authority should implement procedures to ensure compliance with GAAP related to the discretely presented component unit transactions.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

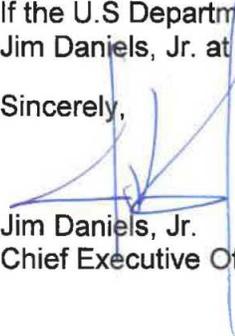
Action planned in response to finding: Correction was made in the current year.

Name of the contact person responsible for corrective action: Jim Daniels, Chief Executive Officer.

Planned completion date for corrective action plan: May 8, 2019

If the U.S Department of Housing and Urban Development has questions regarding this plan, please call Jim Daniels, Jr. at (225)923-8100.

Sincerely,


Jim Daniels, Jr.
Chief Executive Officer



Board of Commissioners
and Management of The Housing Authority of East Baton Rouge Parish
and Management of Partners For Progress, Incorporated
Baton Rouge, Louisiana

In planning and performing our audit of the financial statements of the business-type activities and the aggregate discretely presented component units of The Housing Authority of East Baton Rouge Parish as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the entity's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

Our consideration of internal control 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 were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls.

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.

Material weaknesses

We consider the following deficiencies in the entity's internal control to be material weaknesses.

- Finding 2018-001 – Restatement of Unearned Revenue Beginning Balance
- Finding 2018-002 – Restatement of Beginning Balances

Significant deficiencies

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 have no significant deficiencies to report.

Management's response

The Housing Authority of East Baton Rouge Parish's written response to the material weaknesses and other deficiencies identified in our audit was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of Board of Commissioners and Management, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

- On August 22, 2018, the Louisiana Legislative Auditor issued an Investigative Audit report for the period of October 2014 to December 2017. It was noted that Authority spent \$8,931 in public funds on celebratory functions, meals, and miscellaneous gifts.
- The Authority is to file the annual audit by March 31st, the authority requested and received an extension to file by April 15, 2019. An additional extension was requested through May 6, 2019 to file the audit. That request was denied by the Louisiana Legislative Auditor. Additional time was needed to finalize the financial statements due to additional reconciliations and adjustments related to Partners-For-Progress, Inc. The Authority did not file audit financial statements until May 9, 2019.
- During fiscal year 2018, the Louisiana Legislative Auditor received a compliant against the Authority.
 - One compliant was regarding the management of property that is not owned by the Authority but which the Authority has tenant living in. The person that made the compliant was not a tenant of the Authority.
 - One compliant was regarding the procurement of construction contracts with Watts Didier. Per review of the procurement process and procurement documents all the proper procedures were followed at the time the contract was procured.
- The Authority's fixed assets are maintained at a summary level of detail and not at an individual asset detail. The Authority should be maintaining fixed assets at an individual asset level, in order to determine when assets are full depreciated or when there is a sale of the assets.
- During the testing of Wage Rate Requirement (42 USC 1437j(a) and (b); 24 CFR section 905.308) testing for the Capital Fund Program, it was noted that the Authority did not obtain certified payroll for one of the contractors utilized during the year. The amount of payments to the contractor were \$40,463 for the year ended September 30, 2018.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Lakeland, Florida
May 8, 2019

**LOUISIANA COMPLIANCE QUESTIONNAIRE
(For Audit Engagements of Government Agencies)**

_____ (Date Transmitted)

CliftonLarsonAllenLLP _____ (CPA Firm Name)

402S.KentuckyAve.Suite600 _____ (CPA Firm Address)

Lakeland, Florida 33801 _____ (City, State Zip)

In connection with your audit of our financial statements as of 09-30-2018 and for October 1, 2017–September 30,2018

_____ (period of audit) for the purpose of expressing an opinion as to the fair presentation of our financial statements in accordance with accounting principles generally accepted in the United States of America, to assess our internal control structure as a part of your audit, and to review our compliance with applicable laws and regulations, we confirm, to the best of our knowledge and belief, the following representations. These representations are based on the information available to us as of 04-05-19 _____ (date completed/date of the representations).

PART I. AGENCY PROFILE

1. Name and address of the organization.

Housing Authority of East Baton Rouge Parish
4731 North Blvd.
Baton Rouge, LA 70806

2. List the population of the municipality or parish based upon the last official United States Census or most recent official census (municipalities and police juries only). Include the source of the information.

N/A

3. List names, addresses, and telephone numbers of entity officials. Include elected/appointed members of the governing board, chief executive and fiscal officer, and legal counsel.

SEE ATTACHED LISTING

4. Period of time covered by this questionnaire.

Fiscal Year 2018 (October 1, 2017 through September 30, 2018)

5. The entity has been organized under the following provisions of the Louisiana Revised Statute(s) (R.S.) and, if applicable, local resolutions/ordinances. LSA-RS40:391

6. Briefly describe the public services provided.

Subsidized housing in East Baton Rouge Parish (Public Housing and Section 8 Housing Choice Voucher)

7. Expiration date of current elected/appointed officials' terms.

SEE ATTACHED LISTING

LEGAL COMPLIANCE

PART II. PUBLIC BID LAW

8. The provisions of the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, State Purchasing Office have been complied with.

A) All public works purchases exceeding \$154,450 have been publicly bid.

B) All material and supply purchases exceeding \$30,000 have been publicly bid.

Yes [] No []

]

PART III. CODE OF ETHICS LAW FOR PUBLIC OFFICIALS AND PUBLIC EMPLOYEES

9. It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes [] No []

10. It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes [] No []

PART IV. LAWS AFFECTING BUDGETING

11. We have complied with the budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15) R.S. 39:33, or R.S. 39:1331-1342, as applicable:

A. Local Budget Act

1. We have adopted a budget for the general fund and all special revenue funds (R.S. 39:1305).

2. The chief executive officer, or equivalent, has prepared a proposed budget that included a budget message, a proposed budget for the general fund and each special revenue fund, and a budget adoption instrument that specified the chief executive's authority to make budgetary amendments without approval of the governing authority. Furthermore, the proposed expenditures did not exceed estimated funds to be available during the period (R.S. 39:1305).

3. The proposed budget was submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year (R.S. 39:1306).

4. To the extent that proposed expenditures were greater than \$500,000, we have made the budget available for public inspection and have advertised its availability in our official journal. The advertisement included the date, time, and place of the public hearing on the budget. Notice has also been published certifying that all actions required by the Local Government Budget Act have been completed (R.S. 39:1307).

5. If required, the proposed budget was made available for public inspection at the location required by R.S. 39:1308.

6. All action necessary to adopt and finalize the budget was completed prior to the date required by state

law. The adopted budget contained the same information as that required for the proposed budget (R.S. 39:1309).

7. After adoption, a certified copy of the budget has been retained by the chief executive officer or equivalent officer (R.S. 39:1309).

8. To the extent that proposed expenditures were greater than \$500,000, the chief executive officer or equivalent notified the governing authority in writing during the year when actual receipts plus projected revenue collections for the year failed to meet budgeted revenues by five percent or more, or when actual expenditures plus projected expenditures to year end exceeded budgeted expenditures by five percent or more (R.S. 39:1311).

9. The governing authority has amended its budget when notified, as provided by R.S. 39:1311. (Note, general and special revenue fund budgets should be amended, regardless of the amount of expenditures in the fund, when actual receipts plus projected revenue collections for the year fail to meet budgeted revenues by five percent or more; or when actual expenditures plus projected expenditures to year end exceed budgeted expenditures by five percent or more. State law exempts from the amendment requirements special revenue funds with anticipated expenditures of \$500,000 or less, and exempts special revenue funds whose revenues are expenditure-driven - primarily federal funds-from the requirement to amend revenues.)

N/A

Yes [] No []

B. State Budget Requirements

1. The state agency has complied with the budgetary requirements of R.S. 39:33.

N/A

Yes [] No []

C. Licensing Boards

1. The licensing board has complied with the budgetary requirements of R.S. 39:1331-1342.

N/A

Yes [] No []

PART V. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING LAWS

12. We have maintained our accounting records in such a manner as to provide evidence of legal compliance and the preparation of annual financial statements to comply with R.S. 24:513 and 515, and/or 33:463.

Yes [] No []

13. All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

14. We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

15. We have had our financial statements audited in a timely manner in accordance with R.S. 24:513.

Yes [] No []

16. We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law). N/A

Yes [] No []

17. We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

18. We have remitted all fees, fines, and court costs collected on behalf of other entities, in compliance with applicable Louisiana Revised Statutes or other laws. N/A

Yes [] No []

PART VI. MEETINGS

19. We have complied with the provisions of the Open Meetings Law, provided in R. S. 42:11 through 42:28.

Yes [] No []

PART VII. ASSET MANAGEMENT LAWS

20. We have maintained records of our fixed assets and movable property records, as required by R.S. 24:515 and/or 39:321-332, as applicable.

Yes [] No []

PART VIII. FISCAL AGENCY AND CASH MANAGEMENT LAWS

21. We have complied with the fiscal agency and cash management requirements of R.S. 39:1211-45 and 49:301-327, as applicable.

Yes [] No []

PART IX. DEBT RESTRICTION LAWS

22. It is true we have not incurred any long-term indebtedness without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes [] No []

23. We have complied with the debt limitation requirements of state law (R.S. 39:562).

Yes [] No []

24. We have complied with the reporting requirements relating to the Fiscal Review Committee of the State Bond Commission (R.S. 39:1410.62).

Yes [] No []

PART X. REVENUE AND EXPENDITURE RESTRICTION LAWS

25. We have restricted the collections and expenditures of revenues to those amounts authorized by Louisiana statutes, tax propositions, and budget ordinances.

Yes [] No []

26. It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes [] No []

27. It is true that no property or things of value have been loaned, pledged, or granted to anyone in violation of Article VII, Section 14 of the 1974 Louisiana Constitution.

Yes [] No []

PART XI. ISSUERS OF MUNICIPAL SECURITIES

28. It is true that we have complied with the requirements of R.S. 39:1438.C. N/A

Yes [] No []

PART XI. QUESTIONS FOR SPECIFIC GOVERNMENTAL UNITS

Parish Governments

29. We have adopted a system of road administration that provides as follows: N/A

- A. Approval of the governing authority of all expenditures, R.S. 48:755(A).
- B. Development of a capital improvement program on a selective basis, R.S. 48:755.
- C. Centralized purchasing of equipment and supplies, R.S. 48:755.
- D. Centralized accounting, R.S. 48:755.
- E. A construction program based on engineering plans and inspections, R.S. 48:755.
- F. Selective maintenance program, R.S. 48:755.
- G. Annual certification of compliance to the auditor, R.S. 48:758.

Yes [] No []

School Boards N/A

30. We have complied with the general statutory, constitutional, and regulatory provisions of the Louisiana Department of Education, R.S. 17:51-400.

Yes [] No []

31. We have complied with the regulatory circulars issued by the Louisiana Department of Education that govern the Minimum Foundation Program.

Yes [] No []

32. We have, to the best of our knowledge, accurately compiled the performance measurement data contained in the following schedules and recognize that your agreed-upon procedures will be applied to such schedules and performance measurement data:

Parish school boards are required to report, as part of their annual financial statements, measures of performance. These performance indicators are found in the supplemental schedules:

- Schedule 1, General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
- Schedule 2, Education Levels of Public School Staff
- Schedule 3, Number and Type of Public Schools
- Schedule 4, Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
- Schedule 5, Public School Staff Data: Average Salaries
- Schedule 6, Class Size Characteristics
- Schedule 7, Louisiana Educational Assessment Program (LEAP)
- Schedule 8, Graduation Exit Examination (GEE) (Note: this schedule is no longer applicable.)
- Schedule 9, iLEAP Tests

Yes [] No []

Tax Collectors N/A

33. We have complied with the general statutory requirements of R.S. 47.

Yes [] No []

Sheriffs N/A

34. We have complied with the state supplemental pay regulations of R.S. 40:1667.7.

Yes [] No []

35. We have complied with R.S. 13:5535 relating to the feeding and keeping of prisoners.

Yes [] No []

District Attorneys N/A

36. We have complied with the regulations of the DCFS that relate to the Title IV-D Program.

Yes [] No []

Assessors N/A

37. We have complied with the regulatory requirements found in R.S. Title 47.

Yes [] No []

38. We have complied with the regulations of the Louisiana Tax Commission relating to the reassessment of property.

Yes [] No []

Clerks of Court N/A

39. We have complied with R.S. 13:751-917 and applicable sections of R.S. 11:1501-1562.

Yes [] No []

Libraries N/A

40. We have complied with the regulations of the Louisiana State Library.

Yes [] No []

Municipalities N/A

41. Minutes are taken at all meetings of the governing authority (R.S. 42:20).
Yes [] No []
42. Minutes, ordinances, resolutions, budgets, and other official proceedings of the municipalities are published in the official journal (R.S. 43:141-146 and A.G. 86-528).
Yes [] No []
43. All official action taken by the municipality is conducted at public meetings (R.S. 42:11 to 42:28).
Yes [] No []

Airports N/A

44. We have submitted our applications for funding airport construction or development to the Department of Transportation and Development as required by R.S. 2:802.
Yes [] No []
45. We have adopted a system of administration that provides for approval by the department for any expenditures of funds appropriated from the Transportation Trust Fund, and no funds have been expended without department approval (R.S. 2:810).
Yes [] No []
46. All project funds have been expended on the project and for no other purpose (R.S. 2:810).
Yes [] No []
47. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 2:811).
Yes [] No []

Ports N/A

48. We have submitted our applications for funding port construction or development to the Department of Transportation and Development as required by R.S. 34:3452.
Yes [] No []
49. We have adopted a system of administration that provides for approval by the department for any expenditures of funds made out of state and local matching funds, and no funds have been expended without department approval (R.S. 34:3460).
Yes [] No []
50. All project funds have been expended on the project and for no other purpose (R.S. 34:3460).
Yes [] No []
51. We have established a system of administration that provides for the development of a capital improvement program on a selective basis, centralized purchasing of equipment and supplies, centralized accounting, and the selective maintenance and construction of port facilities based upon engineering plans and inspections (R.S. 34:3460).
Yes [] No []
52. We have certified to the auditor, on an annual basis, that we have expended project funds in accordance with the standards established by law (R.S. 34:3461).
Yes [] No []

Sewerage Districts N/A

53. We have complied with the statutory requirements of R.S. 33:3881-4159.10.
Yes [] No []

Waterworks Districts N/A

54. We have complied with the statutory requirements of R.S. 33:3811-3837.
Yes [] No []

Utility Districts N/A

55. We have complied with the statutory requirements of R.S. 33:4161-4546.21.
Yes [] No []

Drainage and Irrigation Districts N/A

56. We have complied with the statutory requirements of R.S. 38:1601-1707 (Drainage Districts); R.S. 38:1751-1921 (Gravity Drainage Districts); R.S. 38:1991-2048 (Levee and Drainage Districts); or R.S. 38:2101-2123 (Irrigation Districts), as appropriate.

Yes [] No []

Fire Protection Districts N/A

57. We have complied with the statutory requirements of R.S. 40:1491-1509.

Yes [] No []

Other Special Districts N/A

58. We have complied with those specific statutory requirements of state law applicable to our district.

Yes [] No []

The previous responses have been made to the best of our belief and knowledge. We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you and the Legislative Auditor any known noncompliance that may occur subsequent to the issuance of your report.

Secretary _____ Date 4/11/19

Treasurer _____ Date

President _____ Date



BOARD OF COMMISSIONERS

January 1, 2019

	Name	*	Title	Organization	Address	City	State	Postal Code	Phone Number	E-Mail Address
CHAIR	Dianna Payton	*	CEO	YWCA	3338 Pine Grove Drive	Baton Rouge	Louisiana	70816	225-200-881	paytondianna@yahoo.com
FIRST VICE-CHAIR	Al Barron		Owner	Jazz It UP	5334 Belle Fontaine Court	Baton Rouge	Louisiana	70820	225-205-8479	albarron@live.com
SECOND VICE-CHAIR	Phillip L. Smith Jr.	*	Vice Chancellor	Baton Rouge Community College	201 Community Drive	Baton Rouge	Louisiana	70806	225-216-8190	smithp@mybrcc.edu
	Tyra Banks	*	Consultant	T. Banks Consulting	2677 Amarillo	Baton Rouge	Louisiana	70805	225-205-5400	tbanksconsulting@gmail.com
	Lamiesa D. Bonton		COO	Bonton Associates	2148 Oleander Street	Baton Rouge	Louisiana	70806	225-278-7577	lamiesa@bontonassociates.com
	Chris Brown		Resident	Resident Council	4915 Alvin Dark Ave Apt. 15050	Baton Rouge	Louisiana	70820	225-270-0727	cbrown@ebrpha.org
	Helena Cunningham		CEO	National Housing Consultant Services	600 America Street	Baton Rouge	Louisiana	70802	225-456-5745	hcunningham@nhcsla.com
SECRETARY/CEO	J. Daniels		CEO	East Baton Rouge Parish Housing Authority	4731 North Blvd	Baton Rouge	Louisiana	70806	225-923-8150	jdaniels@partnerssoutheast.com
LEGAL ADVISOR	Winston DeCuir		Partner	DeCuir, Adams & Clark	732 North Blvd	Baton Rouge	Louisiana	70802	225-346-8716	Winston@decuirlaw.com

**BATON ROUGE HOUSING AUTHORITY
BOARD OF COMMISSIONERS
CONTACT LIST
(Updated – August 3, 2018)**

CHAIR

***Ms. Dianna Payton**
3338 Pine Grove Drive
Baton Rouge, LA 70816

email: paytondianna@yahoo.com
Phone: 225-200-8881

FIRST VICE CHAIR

Mr. Al Barron
5334 Belle Fontaine Court
Baton Rouge, LA 70820

email: albarron@live.com
Phone: 225-205-8479

SECOND VICE CHAIR

***Ms. Tyra Sterling**
2677 Amarillo
Baton Rouge, LA 70805

email: tbanksconsulting@gmail.com
Phone: 225-205-5400

MEMBERS

Lamiesa D. Bonton
2148 Oleander Street
Baton Rouge, LA 70806

email: lamiesa@bontonassociates.com
Phone: 225-278-7577

Chris Brown
4915 Alvin Dark Avenue
Apt. 15050
Baton Rouge, LA 70820

email: cbrown@ebrpha.org
Phone: 225-270-0727

Helena Cunningham
800 America Street
Baton Rouge, LA 70802

email: hcunningham@nhcsla.com
Phone: 225-218-7189 cell
225-456-5745 Office
225-456-5796 Fax

Philip L. Smith, Jr.
Vice Chancellor for Institutional Advancement
Executive Director, Baton Rouge Community College
201 Community College Drive
Baton Rouge, LA 70806

email: smithp@mybrcc.edu
Phone: 225-216-8190

Secretary/Chief Executive Officer

***J. Daniels**
East Baton Rouge Parish Housing Authority
4731 North Boulevard
Baton Rouge, LA 70806

email: jdaniels@partnerssoutheast.com
Phone: 923-8150 Office
270-6631 Cell
923-8109 Fax

Legal Advisor

Mr. Winston DeCuir
732 North Boulevard
Baton Rouge, LA 70802

email: Winston@decuirlaw.com
Phone: 346-8716 Office
336-1950 Fax
921-5470 Cell
769-1085 Home

***COMMISSIONERS SERVE ON BOTH EBRPHA and PARTNERS BOARDS**

**Terms of Office
Board of Commissioners
Housing Authority of East Baton Rouge Parish
As of May 9, 2018**

<u>Name of Board Member</u>	<u>Date of Commencement of Term of Office</u>	<u>Date of Expiration of Term of Office</u>
Helena Cunningham	April 25, 2018	July 23, 2018
Al Barron	March 23, 2016	July 23, 2019
Philip Smith, Jr.	May 9, 2018	August 9, 2020
Chris Brown*	August 12, 2015	August 9, 2020
Lamiesa Bonton	March 22, 2017	March 27, 2021
Tyra Sterling	July 23, 2016	July 23, 2021
Dianna Payton	July 25, 2017	July 25, 2022

*Resident Commissioner