

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2019

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
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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, 2019, except for the discretely presented component units for whom the financial statements are as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this 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 reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the following discretely presented component units, is based solely on the reports 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.
- River South Development, 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 and 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.

Opinions

In our opinion, based on our audit and the reports of other auditors, 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, 2019, except for the discretely presented component units for whom the financial statements are as of and for the year ended December 31, 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.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 11 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, 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, based on our audit, the procedures performed as described above and the reports of other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of compensation, benefits and other payments to the Chief Financial Officer has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, 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
March 17, 2020

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

The Housing Authority of East Baton Rouge Parish's (the Authority) Management's Discussion and Analysis (MD&A) 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 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 \$1.0 million in 2019. Net Position was \$33.9 million and \$34.9 million for 2019 and 2018, respectively.
- Revenues increased \$.4 million during 2019, and were \$38.5 million and \$38.1 million for 2019 and 2018, respectively.
- The total expenses of all Authority programs increased \$.5 million. Total expenses were \$39.5 million and \$39.1 million for 2019 and 2018, respectively

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED SEPTEMBER 30, 2019**

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, 2019**

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 "Noncurrent."

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 nonoperating 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, noncapital 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, 2019**

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 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, 2019**

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

	2019	2018	Variance	Percent Change
Assets and Deferred Outflows of Resources:				
Current Assets	\$ 14,302,376	\$ 13,684,491	\$ 617,885	4.52%
Restricted Assets	160,896	715,708	(554,812)	-77.52%
Capital Assets, Net	19,595,132	20,823,581	(1,228,449)	-5.90%
Other Noncurrent Assets	3,409,570	3,455,070	(45,500)	-1.32%
Total Assets	\$ 37,467,974	\$ 38,678,850	\$ (1,210,876)	-3.13%
Liabilities:				
Current Liabilities	\$ 1,259,372	\$ 1,265,857	\$ (6,485)	-0.51%
Noncurrent Liabilities	2,341,439	2,517,606	(176,167)	-7.00%
Total Liabilities	3,600,811	3,783,463	(182,652)	-4.83%
Net Position:				
Net Investment in Capital Assets	17,234,553	18,273,391	(1,038,838)	-5.68%
Restricted Net Position	-	558,404	(558,404)	-100.00%
Unrestricted Net Position	16,632,610	16,063,592	569,018	3.54%
Total Net Position	33,867,163	34,895,387	(1,028,224)	-2.95%
Total Liabilities and Net Position	\$ 37,467,974	\$ 38,678,850	\$ (1,210,876)	-3.13%

Major Factors Affecting the Statement of Net Position

During 2019, current assets increased \$617,885 resulting primarily from increases of unrestricted cash and accounts receivable. The increase of unrestricted cash was due mainly to less capital asset expenditures from the Authority's Central Office Cost Center (COCC) operating reserves during the fiscal year and a larger accounts payable balance at fiscal year-end. The increase of accounts receivable was a result of an increase in due from HUD related to the HCV program of \$153,895 as well as fiscal year 2019 disbursements of predevelopment funds advanced to an affiliate during the year of around \$155,000. Inventory also increased by about \$60,000. 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 4 on page 10 for a summary of the changes in capital assets. Noncurrent 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 2019 maturities.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019**

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

	2019	2018	Variance	Percent Change
REVENUES				
Tenant Rental Revenue	\$ 2,382,523	\$ 2,280,359	\$ 102,164	4.48%
Operating Grants	32,661,223	32,447,318	213,905	0.66%
Capital Contributions	398,374	1,211,508	(813,134)	-67.12%
Investment Income	19,193	4,336	14,857	342.64%
Other Revenue	3,151,301	2,355,252	796,049	33.80%
Total Revenues	<u>38,612,614</u>	<u>38,298,773</u>	<u>313,841</u>	<u>0.82%</u>
EXPENSES				
Administrative Expenses	3,561,817	3,576,097	(14,280)	-0.40%
Tenant Services	210,008	176,694	33,314	18.85%
Utilities	1,051,236	1,015,762	35,474	3.49%
Maintenance and Operations	2,079,094	2,114,135	(35,041)	-1.66%
Protective Services	58,389	63,410	(5,021)	-7.92%
Insurance	898,589	827,608	70,981	8.58%
General Expenses	177,734	172,030	5,704	3.32%
Interest Expense	174,616	188,652	(14,036)	-7.44%
Housing Assistance Payments	29,932,317	28,740,942	1,191,375	4.15%
Extraordinary Maintenance	45,880	110,580	(64,700)	-58.51%
Mixed Finance Program Expense	-	443,682	(443,682)	-100.00%
Bad Debt	148,366	159,934	(11,568)	100.00%
Depreciation	1,302,792	1,644,475	(341,683)	-20.78%
Total Expenses	<u>39,640,838</u>	<u>39,234,001</u>	<u>406,837</u>	<u>1.04%</u>
(DECREASE) IN NET POSITION	<u>\$ (1,028,224)</u>	<u>\$ (935,228)</u>	<u>\$ (92,996)</u>	<u>9.94%</u>

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

REVENUES

Overall revenues increased during 2019 in comparison to 2018 by \$.31 million. Operating grants increased \$.21 million due primarily to an increase in current year funding under the Section 8 Housing Choice Voucher program resulting from increased HAP per voucher. The Authority also began to drawdown for debt payments on the 2018 capital fund grant during the year. Capital contributions decreased due to the Authority completing some modernization activity on the Authority's Public Housing dwelling properties in the prior year resulting in less drawdowns for the current year. Other revenue increased due to the Authority taking over the management of the City of Plaquemine and City of Baton Rouge, LA's Section 8 Voucher Program effective July 2019. There was also an increase in HCVP port-ins of around \$500,000 during the year. Tenant rents increased due to increase in units months leased during the year.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019**

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

EXPENSES

Housing Assistance Payments increased \$1.2 million. This was caused by the increase in HAP per voucher during the year. Mixed Finance Program Expenses decreased \$.4 million. In 2018, the Authority expensed advanced funds related to River South Development LP under this account due to collectability reasons. There were no such write offs in the current year. Depreciation decreased due to change in estimate during the current year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

As of fiscal year-end, the Authority had \$19.6 million invested in a variety of capital assets as reflected in the following schedule:

TABLE 3

**CAPITAL ASSETS AT YEAR END
(NET OF DEPRECIATION)**

	2019	2018	Variance	Percent Change
Land	\$ 5,784,670	\$ 5,784,670	\$ -	0.00%
Buildings and Improvements	45,849,696	45,040,508	809,188	1.80%
Furniture and Equipment	461,724	433,892	27,832	6.41%
Construction in Progress	749,808	1,524,849	(775,041)	-50.83%
Less: Accumulated Depreciation	(33,250,766)	(31,960,338)	(1,290,428)	4.04%
Net Capital Assets	<u>\$ 19,595,132</u>	<u>\$ 20,823,581</u>	<u>\$ (1,228,449)</u>	<u>-5.90%</u>

The following reconciliation summarizes the change in Capital Assets:

TABLE 4

CHANGES IN CAPITAL ASSETS

Beginning Balance - October 1, 2018	\$ 20,823,581
Additions and Transfers:	
Land	-
Buildings and Improvements	809,188
Furniture and Equipment	40,196
Construction in Process	34,147
Construction in Process (Transfer)	(809,188)
Disposals	(12,364)
Depreciation Expense	(1,302,792)
Disposals - Accumulated Depreciation	12,364
Ending Balance - September 30, 2019	<u>\$ 19,595,132</u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019**

Debt

As of fiscal year-end, the Authority had almost \$2.2 million in long-term debt outstanding compared to \$2.4 million last year.

**TABLE 5
OUTSTANDING DEBT, AT YEAR-END**

	Balance as of September 30, 2019	Balance as of September 30, 2018
Mortgages and Notes Payable	\$ 2,360,579	\$ 2,550,190
Less: Current Portion	(182,120)	(192,210)
Long-Term Debt	\$ 2,178,459	\$ 2,357,980

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

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, 2019

ASSETS	Enterprise Fund	Discretely Presented	
		Partners-for- Progress, Incorporated	Partnerships December 31, 2018 Year-End
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 12,969,070	\$ 52,863	\$ 692,853
Tenants Accounts Receivable, Net	49,177	-	30,997
Accounts Receivable - Copper Oaks, LLC	-	131,334	-
Accounts Receivable - Other, Net of Allowance for Doubtful Accounts of \$95,542	548,563	196,970	19,468
Due From Related Parties	57,023	-	-
Prepaid Costs	459,643	2,166	95,508
Inventory, Net (Allowance \$8,410)	218,900	-	-
Assets Held for Sale	-	9,250	-
Notes Receivable - Current Portion	-	135,067	-
Total Current Assets	<u>14,302,376</u>	<u>527,650</u>	<u>838,826</u>
RESTRICTED ASSETS			
Cash and Cash Equivalents - Tenant Security Deposits	160,896	-	115,386
Cash and Cash Equivalents - Other Restricted	-	-	2,336,455
Total Restricted Assets	<u>160,896</u>	<u>-</u>	<u>2,451,841</u>
CAPITAL ASSETS			
Land	5,784,670	-	803,683
Buildings and Improvements	45,849,696	-	58,868,503
Furniture and Equipment	461,724	15,418	3,725,184
Construction in Progress	749,808	-	-
	<u>52,845,898</u>	<u>15,418</u>	<u>63,397,370</u>
Less: Accumulated Depreciation	(33,250,766)	(15,418)	(12,261,209)
Net Capital Assets	<u>19,595,132</u>	<u>-</u>	<u>51,136,161</u>
OTHER ASSETS			
Notes Receivable	3,409,570	980,200	-
Other Noncurrent Assets	-	-	7,683
Total Other Assets	<u>3,409,570</u>	<u>980,200</u>	<u>7,683</u>
Total Assets	<u>\$ 37,467,974</u>	<u>\$ 1,507,850</u>	<u>\$ 54,434,511</u>

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Discretely Presented		
	Enterprise Fund	Partners-for- Progress, Incorporated	Partnerships December 31, 2018 Year-End
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 97,089	\$ 289	\$ 60,338
Accounts Payable - HUD PHA Programs	497,802	-	-
Due to Primary Government	-	57,023	-
Accrued Wages and Payroll Taxes	213,711	1,181	-
Accrued Compensated Absences	88,920	-	-
Accrued Interest Payable	-	-	42,604
Tenant Security Deposits	163,449	-	115,709
Unearned Revenue	-	-	4,925
Other Current Liabilities	16,281	-	759,702
Current Portion of Debt	182,120	131,334	3,624,899
Total Current Liabilities	1,259,372	189,827	4,608,177
LONG-TERM LIABILITIES			
Long-Term Debt, Net of Current	2,178,459	1,000,200	18,253,559
Accrued Compensated Absences, Net of Current	162,980	-	-
Noncurrent Liabilities - Other	-	-	42,836
Total Long Term Liabilities	2,341,439	1,000,200	18,296,395
Total Liabilities	3,600,811	1,190,027	22,904,572
NET POSITION			
Net Investment in Capital Assets	17,234,553	-	29,257,703
Restricted Net Position	-	-	-
Unrestricted Net Position	16,632,610	317,823	2,272,236
Total Net Position	33,867,163	317,823	31,529,939
Total Liabilities and Net Position	\$ 37,467,974	\$ 1,507,850	\$ 54,434,511

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, 2019**

	Enterprise Fund	Discretely Presented	
		Partners-for- Progress, Incorporated	Partnerships December 31, 2018 Year-End
OPERATING REVENUES			
Dwelling Rent	\$ 2,382,523	\$ -	\$ 2,015,152
Operating Grants	32,661,223	-	-
HOME Loan Forgiveness	-	331,875	-
Other Revenue	3,151,301	223,987	5,380,559
Total Operating Revenues	<u>38,195,047</u>	<u>555,862</u>	<u>7,395,711</u>
OPERATING EXPENSES			
Administrative	3,561,817	125,166	556,949
Tenant Services	210,008	30,000	-
Utilities	1,051,236	1,310	104,343
Maintenance and Operations	2,079,094	3,733	1,010,492
Protective Services	58,389	-	1,203
Insurance	898,589	4,370	241,538
General Expense	177,734	15,281	596,967
Housing Assistance Payments	29,932,317	-	-
Extraordinary Maintenance	45,880	-	-
Bad Debt	148,366	463,350	26,880
Depreciation	1,302,792	4,625	1,825,159
Total Operating Expenses	<u>39,466,222</u>	<u>647,835</u>	<u>4,363,531</u>
OPERATING INCOME (LOSS)	(1,271,175)	(91,973)	3,032,180
NONOPERATING REVENUES (EXPENSES)			
Investment Income	19,193	-	9,301
Interest Expense	(174,616)	-	(805,509)
Cost of Sale of Assets	-	(38,250)	-
Mixed Finance Program Expense	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(155,423)</u>	<u>(38,250)</u>	<u>(796,208)</u>
(DECREASE) INCREASE BEFORE CAPITAL CONTRIBUTIONS	(1,426,598)	(130,223)	2,235,972
Capital Contributions - from HUD	<u>398,374</u>	<u>-</u>	<u>-</u>
(DECREASE) INCREASE IN NET POSITION	(1,028,224)	(130,223)	2,235,972
Net Position - Beginning of Year	<u>34,895,387</u>	<u>448,046</u>	<u>29,293,967</u>
NET POSITION - END OF YEAR	<u>\$ 33,867,163</u>	<u>\$ 317,823</u>	<u>\$ 31,529,939</u>

See accompanying Notes to Financial Statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019**

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Dwelling Rent	\$ 2,194,718
Cash Received from Operating Grants	32,494,940
Other Income Receipts	2,973,988
Cash Payments for Salaries and Benefits	(3,666,560)
Cash Payments to Vendors	(4,619,901)
Cash Payments to Landlords	(29,730,050)
Net Cash Used by Operating Activities	(352,865)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants Received	398,374
Repayment of Capital Debt Principal	(189,611)
Interest Paid on Capital Debt	(174,616)
Purchase of Capital Assets	(74,343)
Net Cash Used by Capital and Related Financing Activities	(40,196)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Income Received	19,193
Receipts from Component Unit	153,466
Net Cash Provided by Investing Activities	172,659
NET DECREASE IN CASH AND CASH EQUIVALENTS	(220,402)
Cash and Cash Equivalents - Beginning of Year	13,350,368
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 13,129,966
RECONCILIATION OF NET LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES	
Loss from Operations	\$ (1,271,175)
Adjustments to Reconcile Net Operating Loss to Net Cash and Cash Equivalents:	
Depreciation Expense	1,302,792
Allowance for Doubtful Accounts	23,675
Bad Debt	193,866
(Increase) Decrease in Assets:	
Accounts Receivable - HUD Other Projects	(166,283)
Accounts Receivable - Other Government	(33,521)
Accounts Receivable - Miscellaneous	(136,554)
Accounts Receivable - Tenants	(158,583)
Prepaid Expenses	(55,150)
Inventory	(58,891)
Increase (Decrease) in Liabilities:	
Accounts Payable	41,819
Accrued Wages/Payroll Taxes Payable	(142,200)
Accrued Compensated Absences	10,708
Accounts Payable - HUD PHA Programs	202,267
Tenant Security Deposits	6,145
Unearned Revenue	(111,780)
Net Cash Used by Operating Activities	\$ (352,865)

See accompanying Notes to Financial Statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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 the Corporation maintains a substantively different governing board than the Authority, and the benefits derived from the services of the Corporation 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, 2019 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

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

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

Partners for Progress, Incorporated (the Corporation) (Continued)

The Corporation is the sole member of the following entities with December 31, 2018 year-ends:

- Partners for Progress Development Company, LLC
- Cedar Pointe Development, LLC
- Wesley Chapel Development, LLC
- Hospital Plaza I, LLC
- Colonial Courts I, LLC
- Roosevelt Terrace, LLC
- River South, LLC

Brookstown Place Partnership

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

Cedar Pointe Subdivision, LP

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

Wesley Chapel Development, LP

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

EBRPHA Development 1, LP

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

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 REPORTING ENTITY DEFINITION (CONTINUED)

EBRPHA Development 2, LP

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

EBRPHA Development 4, LP

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

River South Development, LP

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

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 have December 31 year-ends. Financial activity for these discrete component units, for the year ended December 31, 2018, 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, 2018 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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:

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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 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 GASB 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. Management uses the allowance method for amounts not deemed collectible.

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.

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

We note that 5 of the public housing buildings are fully depreciated up to their aggregate salvage values of \$3,743,125. Authority management has assessed the carrying values of capital asset balances for impairment. No significant capital asset value impairments exist as of September 30, 2019.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019, 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. As of September 30, 2019, there was no unearned revenue recorded.

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, 2019.

Operating and Nonoperating Revenues and Expenses

The Authority recognizes operating revenues 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 HUD.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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 0.1%. 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	202,690	202,690
Collateralized with Specific Securities in the Authority Name which are Held by the Financial Institution	12,677,276	12,846,680
Total	<u>\$ 13,129,966</u>	<u>\$ 13,299,370</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 \$52,863. As of September 30, 2019, the Corporation's bank balances were fully secured by the Federal Deposit Insurance Corporation (FDIC).

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 3 CASH DEPOSITS (CONTINUED)

Partnerships

As of December 31, 2018, 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, 2018, the Partnerships had \$842,116 of deposits in excess of federally insured limits. Wesley Chapel Development, LP had uninsured deposits of \$331,002, EBRPHA Development 1, LP had uninsured deposits of \$246,633, EBRPHA Development 2, LP had uninsured deposits of \$238,722 and Cedar Pointe Subdivision, LP had uninsured deposits of \$25,759.

NOTE 4 RESTRICTED CASH

Primary Government

The Authority's restricted cash consisted of \$160,896 in tenant security deposits as of September 30, 2019.

Partnerships

The Partnerships' restricted cash consisted of the following as of December 31, 2018:

Replacement Reserve	\$ 694,909
Operating Deficit Reserve	876,724
Real Estate, Tax, and Insurance Escrow	189,902
Guarantor Reserve	409,219
Debt Service Reserve	96,996
ACC Reserve	68,705
Tenant Security Deposits	115,386
Total Restricted Cash	<u><u>\$ 2,451,841</u></u>

NOTE 5 ACCOUNTS RECEIVABLE - OTHER

As of September 30, 2019, the Authority was due the following balances:

Accounts Receivable - HUD Other Projects	\$ 171,682
Accounts Receivable - Other Government	54,908
Accounts Receivable - Miscellaneous	345,027
Accounts Receivable - Partners for Progress, Inc.	57,023
Total Accounts Receivable	<u><u>628,640</u></u>
Allowance for Doubtful Accounts - Other	<u>(23,054)</u>
Total Allowance for Doubtful Accounts	<u>(23,054)</u>
Net Accounts Receivable	<u><u>\$ 605,586</u></u>

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 5 ACCOUNTS RECEIVABLE – OTHER (CONTINUED)

Partners for Progress, Incorporated

As of September 30, 2019, the Corporation was due the following balances:

Accounts Receivable - Sale of Homes	\$	14,209
Accounts Receivable - Costs		95,542
Accounts Receivable - Sale of Land		117,125
Less: Allowance for Doubtful Accounts		(95,542)
Total Accounts Receivable, Copper Oak, LLC	<u>\$</u>	<u>131,334</u>

Accounts Receivable - River Lofts	\$	107,700
Accounts Receivable - FEMA		81,050
Accounts Receivable - Other		8,220
Total Accounts Receivable - Other	<u>\$</u>	<u>196,970</u>

NOTE 6 NOTES AND DEVELOPER FEES RECEIVABLE

Between the Authority and the Partnerships

As of September 30, 2019, 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, 2.00%	\$	1,325,570
Promissory Note due to EBRPHA (Second) Dated January 2012, Matures February 2052, 2.00%	<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, 2.00%	1,266,000	
Promissory Note Due to EBRPHA (Second) Dated January 2012, Matures February 2052, 2.00%	<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>400,000</u>	<u>400,000</u>
Total Notes Receivable		<u>\$ 3,409,570</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 6 NOTES AND DEVELOPER FEES RECEIVABLE (CONTINUED)

Between the Authority and the Partnerships (Continued)

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, 2019, 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, 2019, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$887,460. 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.

See Note 7 for a breakout of developer fees due from the Partnerships to the Authority and Partners for Progress.

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, 2019.

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, 2019.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 NOTES AND DEVELOPER FEES RECEIVABLE (CONTINUED)

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

Additionally, Copper Oaks Partners, LLC owes Partners for Progress, Incorporated \$135,067 as of September 30, 2019 related to construction costs advanced to the entity for development of Copper Oaks subdivision. This balance is expected to be paid during fiscal year 2020. See Note 7 for more details of the transaction.

NOTE 7 CAPITAL ASSETS

Primary Government

A summary of the Authority's capital asset balances and activity, as of and for the year ended September 30, 2019 are as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 5,784,670	\$ -	\$ -	\$ -	\$ 5,784,670
Construction in Progress	1,524,849	34,147	-	(809,188)	749,808
Total Nondepreciable Capital Assets	7,309,519	34,147	-	(809,188)	6,534,478
Depreciable Capital Assets					
Buildings and Improvements	45,040,508	-	-	809,188	45,849,696
Furniture and Equipment	433,892	40,196	(12,364)	-	461,724
Total Depreciable Capital Assets	45,474,400	40,196	(12,364)	809,188	46,311,420
Less: Accumulated Depreciation					
Buildings and Improvements	(31,511,172)	(1,273,983)	-	-	(32,785,155)
Furniture and Equipment	(449,166)	(28,809)	12,364	-	(465,611)
Total Accumulated Depreciation	(31,960,338)	(1,302,792)	12,364	-	(33,250,766)
Total Capital Assets					
Being Depreciated, Net	13,514,062	(1,262,596)	-	809,188	13,060,654
Capital Assets, Net	\$ 20,823,581	\$ (1,228,449)	\$ -	\$ -	\$ 19,595,132

Partners for Progress, Incorporated

A summary of the Corporation's capital asset balances and activity, as of and for the year ended September 30, 2019 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	(10,793)	(4,625)	-	-	(15,418)
Total Capital Assets					
Being Depreciated, Net	4,625	(4,625)	-	-	-
Capital Assets, Net	\$ 4,625	\$ (4,625)	\$ -	\$ -	\$ -

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 7 CAPITAL ASSETS (CONTINUED)

Partnerships

A summary of the Partnerships' capital asset activity, for the year ended December 31, 2018 are as follows:

	January 1 2018	Additions	Deletions	Transfers	December 31 2018
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	9,388,591	-	-	58,868,503
Furniture and Equipment	3,220,889	504,295	-	-	3,725,184
Total Capital Assets	52,700,801	9,892,886	-	-	62,593,687
Less: Accumulated Depreciation	(10,436,050)	(1,825,159)	-	-	(12,261,209)
Total Capital Assets Being Depreciated, Net	42,264,751	8,067,727	-	-	50,332,478
Capital Assets, Net	\$ 43,068,434	\$ 8,067,727	\$ -	\$ -	\$ 51,136,161

NOTE 8 NOTES PAYABLE

In February of 2012, the Authority obtained a loan from Capital One Public Funding, LLC for \$3,461,000. The loan was issued to finance subsequent loans to EBRPHA Development 1, LP and EBRPHA Development 2, LP to assist in the development of two low-income townhouse communities. Principal and interest payments are paid out of the Authority's Capital Fund Program. The loan bears interest at a rate of 7.1% and matures in March of 2029. The Authority has pledged a first priority security interest to Capital One Public Finance, LLC in the Capital Fund Program grant funds to secure the loan. Interest expense incurred on the loan during the fiscal year was \$174,616. The outstanding balance as of September 30, 2019 was \$2,360,579.

Future projected payments are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2020	\$ 182,120	\$ 162,328	\$ 344,448
2021	195,481	148,967	344,448
2022	209,819	134,629	344,448
2023	225,213	119,235	344,448
2024	241,732	102,716	344,448
2025-2029	1,306,214	235,677	1,541,891
Total	<u>\$ 2,360,579</u>	<u>\$ 903,552</u>	<u>\$ 3,264,131</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Long-term liability activity for the year ended September 30, 2019, applicable to the Authority, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Noncapital Debt	\$ 2,550,190	\$ -	\$ (189,611)	\$ 2,360,579	\$ 182,120
Accrued Compensated Absences	241,192	10,708	-	251,900	88,920
Long-Term Liabilities	<u>\$ 2,791,382</u>	<u>\$ 10,708</u>	<u>\$ (189,611)</u>	<u>\$ 2,612,479</u>	<u>\$ 271,040</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, 2019, a cumulative total of 39 of the parcels were sold to Copper Oaks Partners, LLC (COP, LLC) for construction and sale to future home owners, 39 of which have been sold to final home owners (leaving COP, LLC with a balance of 1 unsold property and the Corporation with a balance of 1 property which has not been sold to COP, LLC as of September 30, 2019). 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 \$14,209.

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, 2019 was \$117,125.

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 2019 was \$500,000.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partners for Progress, Incorporated (Continued)

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 2019 was \$500,200.

Long-term liability activity for the year ended September 30, 2019, applicable to the Corporation, was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Land Acquisition Note Payable	\$ 137,125	\$ -	\$ (20,000)	\$ 117,125	\$ 117,125
HOME Investment Loan	346,084	-	(331,875)	14,209	14,209
Note Payable due to the East Baton Rouge RDA	500,000	-	-	500,000	-
AHP Loan due to Capital One, National Association	480,200	20,000	-	500,200	-
Long-Term Liabilities	<u>\$ 1,463,409</u>	<u>\$ 20,000</u>	<u>\$ (351,875)</u>	<u>\$ 1,131,534</u>	<u>\$ 131,334</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 \$936,761 at December 31, 2018. The amount of interest charged to expense during the year was \$5,488. The nonrecourse note is secured by buildings and land.

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 \$2,456,755 at December 31, 2018. The amount of interest charged to expense during the year was \$14,618. The nonrecourse note is secured by buildings and land.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

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, 2018, the principal balance of the loan was \$1,618,185 and interest charged to expense during the year was \$9,224.

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, 2018, the principal balance of the loan was \$1,208,504 and interest charged to expense during the year was \$6,797.

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, 2018, the principal balance of the loan was \$1,151,314 and interest charged to expense during the year was \$6,477.

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>
2019	\$ 103,424	\$ 503,381	\$ 606,805
2020	110,807	495,664	606,471
2021	118,716	487,397	606,113
2022	126,990	478,538	605,528
2023	136,271	469,047	605,318
2024-2028	4,709,516	2,008,367	6,717,883
2029-2033	2,065,795	150,504	2,216,299
Total	<u>\$ 7,371,519</u>	<u>\$ 4,592,898</u>	<u>\$ 11,964,417</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

The Partnerships have incurred the following other capital debts, as of December 31, 2018:

Brookstown Place Partnership

Permanent Mortgage Loan due to Enterprise Team, Inc. Matures March 1, 2029, 7.03%	\$ 936,761	
Accrued Interest Payable on Mortgage Loan	5,488	
Developer Fees due to Partners for Progress, Inc.	68,736	
Deferred Developer Fees due to Project Consultant	206,207	<u>\$ 1,217,192</u>

Cedar Pointe

Permanent Mortgage Loan due to Barings Multifamily Capital, LLC, 7.14%	2,456,755	
Accrued Interest Payable on Mortgage Loan	14,618	<u>2,471,373</u>

Wesley Chapel Dev., LP

Permanent Mortgage Loan due to Home Federal Bank Matures August 1, 2030, 6.84%	1,618,185	
Accrued Interest Payable on Mortgage Loan	9,224	
Due to EBRPHA	119,237	
Nonrecourse Loan due to Partners for Progress, Inc. in the Amount of \$500,000, dated July 2014, Noninterest Bearing, Matures July 2044	500,000	
Deferred Developer Fees due to Partners for Progress, 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)	1,000,000	
Interest Payable on Tax Credit Assistance Loan	209,083	<u>3,527,011</u>

EBRPHA Dev. 1, LP

Permanent Mortgage Loan due to Capital One, 6.75%	1,208,504	
Accrued Interest Payable on Mortgage Loan	6,797	
Promissory Note due to EBRPHA Dated January 2012, Matures February 2052, 2.00%	1,325,570	
Accrued Interest Payable on Promissory Note due to EBRPHA	194,471	
Promissory Note due to EBRPHA (Second) Dated January 2012, Matures February 2052, 2.00%	209,000	
Accrued Interest Payable on Promissory Note due to EBRPHA	29,826	
Affordable Housing Program (AHP) Loan due to the Federal Home Loan Bank of \$700K, 0.25% Per Annum, Matures January 1, 2053	700,000	
Accrued Interest Payable on AHP Loan	10,500	
Subordinate Mortgage Loan Due to the East Baton Rouge Redevelopment Authority of \$500K, 0% Per Annum, Matures January 1, 2041	495,000	
Deferred Developer Fees due to Partners for Progress, Inc.	12,126	
Deferred Developer Fees due to EBRPHA	36,213	
Deferred Developer Fees due to Project Sub-developer	6,529	<u>4,234,536</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

The Partnerships have incurred the following other capital debts, as of December 31, 2018:

EBRPHA Dev. 2, LP

Permanent Mortgage Loan due to Capital One, 6.75%	\$ 1,151,314	
Accrued Interest Payable on Mortgage Loan	6,477	
Promissory Note due to EBRPHA Dated January 2012, Matures February 2052, 2.00%	1,266,000	
Accrued Interest Payable on Promissory Note due to EBRPHA	186,178	
Promissory Note Due to EBRPHA (Second) Dated January 2012, Matures February 2052, 2.00%	209,000	
Accrued Interest Payable on Promissory Note due to EBRPHA	29,826	
Affordable Housing Program (AHP) Loan due to the Federal Home Loan Bank of \$700K, .25% per Annum, Matures January 1, 2053	700,000	
Accrued Interest Payable on AHP Loan	10,500	
Subordinate Mortgage Loan due to the East Baton Rouge Redevelopment Authority of \$500K, 0% per Annum, Matures January 1, 2041	495,000	
Deferred Developer Fees due to Partners for Progress, Inc.	10,181	
Deferred Developer Fees due to EBRPHA	30,424	
Deferred Developer Fees due to Project Sub-Developer	20,000	<u>\$ 4,114,900</u>

EBRPHA Dev. 4, LP

Promissory Note due to EBRPHA Dated September 2014, Matures September 2034, 2.94%	400,000	
Accrued Interest Payable on Promissory Note due to EBRPHA	49,626	
Promissory Note due to Partners for Progress, Inc. Dated July 2015, Matures September 2055, .25%	480,200	
Accrued Interest Payable on Promissory Note due to Partners for Progress	4,859	
Deferred Developer Fees due to Partners for Progress, Inc.	5,486	
Deferred Developer Fees due to EBRPHA	16,456	
Deferred Developer Fees due to Project Sub-developer	124,340	<u>1,080,967</u>

River South Development, LP

Construction loan due to Home Federal Bank of Shreveport dated August 21, 2017, 5%, Current	3,521,475	
CDBG Loan due Louisiana Housing Corporation dated August, 2017, Matures August 2057, 2.58%	152,538	
Promissory Note due to EBRPHA Dated August, 2017 Matures August 2057, 2.58%	794,806	
Accrued Interest Payable on Promissory Note due to EBRPHA	20,506	
Due to EBRPHA	18,350	
Deferred Developer Fees due to Partners for Progress, Inc.	767,408	5,275,083
Total Other Capital Debt		<u><u>\$ 21,921,062</u></u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

Interest charged to expense on other capital debt during 2019 was \$102,197, \$100,993 of which was incurred on debts owed to the Authority (EBRPHA) and \$1,204 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, 2019, 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, 2018 applicable to the Partnerships, was as follows:

	January 1, 2018	Increase	Decrease	December 31, 2018	Due Within One Year
Permanent Mortgages Payable	\$ 7,464,235	\$ -	\$ (92,716)	\$ 7,371,519	\$ 103,424
Other Capital Debt	3,400,000	3,674,013	(10,000)	7,064,013	3,521,475
Other Capital Debt due to The HA of EBRP	3,409,570	794,806	-	4,204,376	-
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	767,408	-	887,460	-
Interest Payable	239,721	33,668	(702)	272,687	42,604
Interest Payable due to The HA of EBRP	409,440	100,993	-	510,433	-
Interest Payable due to Partners for Progress, Inc.	3,655	1,204	-	4,859	-
Operating Advance due to The HA of EBRP	104,553	33,034	-	137,587	-
Long-Term Liabilities	<u>\$ 16,619,354</u>	<u>\$ 5,405,126</u>	<u>\$ (103,418)</u>	<u>\$ 21,921,062</u>	<u>\$ 3,667,503</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 8 NOTES PAYABLE (CONTINUED)

Partnerships (Continued)

A summary of each Partnerships' capital debt and other noncurrent liability balances as of December 31, 2018 are as follows:

	Capital Debt	Developer Fees Payable	Other Noncurrent Liabilities	December 31, 2018 Balance	Due Within One Year
Brookstown Place	\$ 936,761	\$ 274,943	\$ 5,488	\$ 1,217,192	\$ 14,762
Cedar Pointe	2,456,755	-	14,618	2,471,373	45,718
Wesley Chapel Dev.	3,118,185	71,282	337,544	3,527,011	34,505
EBRPHA Dev. 1, LP	3,938,074	54,868	241,594	4,234,536	26,139
EBRPHA Dev. 2, LP	3,821,314	60,605	232,981	4,114,900	24,904
EBRPHA Dev. 4, LP	880,200	146,282	54,485	1,080,967	-
River South Development	4,468,819	767,408	38,856	5,275,083	3,521,475
Total	<u>\$ 19,620,108</u>	<u>\$ 1,375,388</u>	<u>\$ 925,566</u>	<u>\$ 21,921,062</u>	<u>\$ 3,667,503</u>

NOTE 9 DEFERRED COMPENSATION PLAN

The Authority provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by Great West Retirement Services. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after 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 2019, the Authority made the required contributions in the amount of \$203,585 and the employees contributed \$52,801. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

NOTE 10 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 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.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 11 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, 2019	Percentage of
	<u>Total Revenue</u>	<u>Total Revenue</u>
Revenue from HUD		
Section 8 Housing Choice Voucher Program - HAP	\$ 27,232,567	70.72%
Section 8 Housing Choice Voucher Program - Admin	2,225,661	6.18%
Public and Indian Housing	3,085,759	8.54%
Capital Fund Program	398,374	0.50%
Resident Opportunity & Supportive Services	49,724	0.13%
Section 8 Moderate Rehabilitation Single Room	67,512	0.18%
Total Revenue from HUD	<u>33,059,597</u>	<u>86.25%</u>
Non-HUD Funding		
Tenant Rental Revenue	2,382,523	5.92%
Other Income	1,878,637	4.48%
Portability-In - HAP	1,140,974	2.96%
Portability-In - Administrative	62,112	0.16%
Investment Income	19,193	0.05%
Fee Revenue	69,578	0.18%
Total Non-HUD Funding	<u>5,553,017</u>	<u>13.75%</u>
Total Revenue	<u>\$ 38,612,614</u>	<u>100.00%</u>

NOTE 12 RESTRICTED CASH

Primary Government

The Authority's restricted cash consisted of \$160,896 in tenant security deposits as of September 30, 2019.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 12 RESTRICTED CASH (CONTINUED)

Partnerships

The Partnerships' restricted cash consisted of the following as of December 31, 2018:

Replacement Reserve	\$ 694,909
Operating Deficit Reserve	876,724
Real Estate, Tax, and Insurance Escrow	189,902
Guarantor Reserve	409,219
Debt Service Reserve	96,996
ACC Reserve	68,705
Tenant Security Deposits	115,386
Total Restricted Cash	<u>\$ 2,451,841</u>

NOTE 13 COMMITMENTS AND CONTINGENCIES

Primary Government

The Authority is a defendant in a lawsuit arising from claims for wrongful termination. Management believes the resolution of these matters will not have a material impact on the Authority's operations or will result in dismissal.

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, 2041. As of December 31, 2018, 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, 2019, upon issuance of the Partnership's 2019 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 EBRRRA) 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, 2018, the principal balance owed on the loan was \$495,000, with payments made solely from surplus cash. The Corporation has guaranteed payment of the loan to The EBRRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

NOTE 13 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Partners for Progress, Incorporated (Continued)

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 EBRRRA) 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, 2018, the principal balance owed on the loan was \$495,000, with payments made solely from surplus cash. The Corporation has guaranteed payment of the loan to The EBRRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

NOTE 14 DIFFERENT REPORTING STANDARDS

The Partnerships' 2018 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. 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 \$162,379, an increase of liabilities of \$161,777, a reduction of interest expense of \$40,580, an increase in other general expenses of \$235,041 and a decrease of net position of \$129,695.

NOTE 15 SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 17, 2020, the date which the financial statements were available to be issued, and noted one significant item to be disclosed below.

The Authority was awarded the Choice Neighborhood Implementation Grant for \$29,512,000 from HUD in October 2019. There were no draws on this grant during 2019. Significant activity is expected in fiscal year 2020.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2019,
EXCEPT FOR PARTNERSHIPS WITH YEAR ENDED DECEMBER 31, 2018**

Line Item No.	Account Description	Programs											6.1 Component Unit - Discretely Presented			Total	
		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		
ASSETS																	
CURRENT ASSETS																	
Cash:																	
111	Unrestricted	\$ 6,509,461	819,071	\$ 2,811,220	\$ -	\$ 1,219,121	\$ 271,166	\$ -	\$ 1,285,303	\$ -	\$ 53,728	\$ -	\$ 12,969,070	\$ 52,863	\$ 692,853	\$ 13,714,786	
113	Other Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	2,336,455	2,336,455	
114	Tenant Security Deposits	160,896	-	-	-	-	-	-	-	-	-	-	160,896	-	115,386	276,282	
100	Total Cash	6,670,357	819,071	2,811,220	-	1,219,121	271,166	-	1,285,303	-	53,728	-	13,129,966	52,863	3,144,694	16,327,523	
Accounts and Notes Receivable:																	
122	Accounts Receivable - HUD Other Projects	1,175	-	-	11,572	153,895	5,040	-	-	-	-	-	171,682	-	2,573	174,255	
124	Accounts Receivable - Other Government	-	-	-	-	54,908	-	-	-	-	-	-	54,908	-	-	54,908	
125	Accounts Receivable - Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	402,050	423,846	16,895	842,791	
126	Accounts Receivable - Tenants	14,797	-	-	-	32,859	-	-	-	-	9,080	-	56,736	-	30,997	87,733	
126.1	Allowance for Doubtful Accounts - Tenants	(2,959)	-	-	-	-	-	-	-	-	(4,600)	-	(7,559)	-	-	(7,559)	
126.2	Allowance for Doubtful Accounts - Other	-	-	-	-	(23,054)	-	-	-	-	-	-	(23,054)	(95,542)	-	(118,596)	
127	Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-	-	-	-	-	-	135,067	-	135,067	
120	Total Receivables, Net	13,013	-	-	11,572	218,608	5,040	-	-	4,480	402,050	-	654,763	463,371	50,465	1,168,599	
Other Current Assets:																	
142	Prepaid Expenses and Other Assets	322,944	-	-	-	41,003	-	-	-	-	95,696	-	459,643	2,166	95,508	557,317	
143	Inventories	-	-	-	-	-	-	-	-	-	227,310	-	227,310	-	-	227,310	
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	-	-	-	(8,410)	-	(8,410)	-	-	(8,410)	
144	Inter Program Due From	50,275	822	2,822	-	-	2,390	-	1,290	50,280	812,495	(920,374)	-	-	-	-	
145	Assets Held for Sale	-	-	-	-	-	-	-	-	-	-	-	-	9,250	-	9,250	
	Total Other Current Assets	373,219	822	2,822	-	41,003	2,390	-	1,290	50,280	1,127,091	(920,374)	678,543	11,416	95,508	785,467	
150	Total Current Assets	7,056,589	819,893	2,814,042	11,572	1,478,732	278,596	-	1,286,593	54,760	1,582,869	(920,374)	14,463,272	527,650	3,290,667	18,281,589	
NONCURRENT ASSETS																	
Capital Assets:																	
161	Land	2,979,470	-	-	-	-	-	-	2,207,295	-	-	597,905	-	5,784,670	-	803,683	6,588,353
162	Buildings	37,095,730	-	-	-	390,646	-	-	1,089,081	-	-	1,220,141	-	39,795,598	-	53,237,754	93,033,352
164	Furniture and Equipment - Administration	282,217	-	-	-	117,911	-	-	19,197	-	-	42,399	-	461,724	15,418	3,725,184	4,202,326
165	Leasehold Improvements	5,171,362	-	-	-	-	-	-	206,069	-	-	676,667	-	6,054,098	-	5,630,749	11,684,847
166	Accumulated Depreciation	(30,620,322)	-	-	-	(459,278)	-	-	(765,172)	-	-	(1,405,994)	-	(33,250,766)	(15,418)	(12,261,209)	(45,527,393)
167	Construction in Progress	749,808	-	-	-	-	-	-	-	-	-	-	-	749,808	-	749,808	
160	Total Capital Assets, Net	15,658,265	-	-	-	49,279	-	-	2,756,470	-	-	1,131,118	-	19,595,132	-	51,136,161	70,731,293
171	Note, Loans and Mortgages Receivable - Noncurrent	2,991,570	-	-	-	-	-	-	-	-	418,000	-	3,409,570	980,200	-	4,389,770	
174	Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	7,683	7,683	
180	Total Noncurrent Assets	18,649,835	-	-	-	49,279	-	-	2,756,470	-	1,549,118	-	23,004,702	980,200	51,143,844	75,128,746	
190	Total Assets	\$ 25,706,424	\$ 819,893	\$ 2,814,042	\$ 11,572	\$ 1,528,011	\$ 278,596	\$ 2,756,470	\$ 1,286,593	\$ 54,760	\$ 3,131,987	\$ (920,374)	\$ 37,467,974	\$ 1,507,850	\$ 54,434,511	\$ 93,410,335	

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF NET POSITION (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019
EXCEPT FOR PARTNERSHIPS WITH YEAR ENDED DECEMBER 31, 2018**

Line Item No.	Account Description	Programs											6.1 Component Unit - Discretely Presented			Total
		Project Total	14.DVP	14.870	14.871	14.249 Section	14.886	97.109	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc.	Partnerships		
			Disaster Voucher Program	14.IKE DHAP-IKE	Resident Opportunity & Supportive Services	Housing Choice Vouchers	8 Moderate Rehabilitation Single Room Occupancy	Revitalization of Severely Distressed Public Housing							Disaster Housing Assistance Grant	
LIABILITIES AND NET POSITION																
CURRENT LIABILITIES																
312	Accounts Payable <= 90 Days	\$ 80,710	\$ -	\$ -	\$ 1,037	\$ -	\$ -	\$ -	\$ 15,342	\$ -	\$ 97,089	\$ 289	\$ 60,338	\$ 157,716		
321	Accrued Wage/Payroll Taxes Payable	64,974	-	-	49,498	-	-	260	98,979	-	213,711	1,181	-	214,892		
322	Accrued Compensated Absences - Current Portion	25,790	-	-	30,856	-	-	-	32,274	-	88,920	-	-	88,920		
325	Accrued Interest Payable	-	-	-	-	-	-	-	-	-	-	-	42,604	42,604		
331	Accounts Payable - HUD PHA Programs	-	-	-	497,802	-	-	-	-	-	497,802	-	-	497,802		
341	Tenant Security Deposits	160,896	-	-	-	-	-	-	2,553	-	163,449	-	-	115,709		
342	Unearned Revenues	-	-	-	-	-	-	-	-	-	-	-	-	4,925		
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	182,120	-	-	-	-	-	-	-	-	182,120	131,334	3,624,899	3,938,353		
345	Other Current Liabilities	-	-	-	16,281	-	-	-	-	-	16,281	57,023	716,619	789,923		
346	Accrued liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	43,083	43,083		
347	Inter Program - Due To	1,173	-	-	11,572	-	-	907,629	-	-	(920,374)	-	-	-		
310	Total Current Liabilities	515,663	-	-	11,572	595,474	-	907,629	-	2,813	146,595	(920,374)	1,259,372	189,827	4,608,177	6,057,376
NONCURRENT LIABILITIES																
351	Long-Term Debt, Net of Current - Capital	2,178,459	-	-	-	-	-	-	-	-	2,178,459	1,000,200	18,253,559	21,432,218		
353	Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-	-	-	-	42,836	42,836		
354	Accrued Compensated Absences - Noncurrent	44,889	-	-	66,229	-	-	-	51,862	-	162,980	-	-	162,980		
355	Loan Liability - Noncurrent	-	-	-	-	-	-	-	-	-	-	-	-	-		
350	Total Noncurrent Liabilities	2,223,348	-	-	66,229	-	-	-	51,862	-	2,341,439	1,000,200	18,296,395	21,638,034		
300	Total Liabilities	2,739,011	-	-	11,572	661,703	-	907,629	-	2,813	198,457	(920,374)	3,600,811	1,190,027	22,904,572	27,695,410
NET POSITION																
508.4	Net Investment in Capital Assets	13,297,686	-	-	-	49,279	-	2,756,470	-	-	1,131,118	-	17,234,553	-	29,257,703	46,492,256
511.4	Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
512.4	Unrestricted	9,669,727	819,893	2,814,042	-	817,029	278,596	(907,629)	1,286,593	51,947	1,802,412	-	16,632,610	317,823	2,272,236	19,222,669
513	Total Net Position	22,967,413	819,893	2,814,042	-	866,308	278,596	1,848,841	1,286,593	51,947	2,933,530	-	33,867,163	317,823	31,529,939	65,714,925
600	Total Liabilities and Net Position	\$ 25,706,424	\$ 819,893	\$ 2,814,042	\$ 11,572	\$ 1,528,011	\$ 278,596	\$ 2,756,470	\$ 1,286,593	\$ 54,760	\$ 3,131,987	\$ (920,374)	\$ 37,467,974	\$ 1,507,850	\$ 54,434,511	\$ 93,410,335

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019
EXCEPT FOR PARTNERSHIPS WITH YEAR ENDED DECEMBER 31, 2018

Line Item No.	Account Description	Programs											6.1 Component Unit - Discretely Presented			Total	
		Project Total	14.DVP	14.870	14.871	14.249 Section	14.886	97.109	State/Local	COCC	Eliminations	Primary Government Subtotal	Partners-for-Progress, Inc.	Partnerships			
			Disaster Voucher Program	Resident Opportunity & Supportive Services	Housing Choice Vouchers	8 Moderate Rehabilitation Single Room Occupancy	Revitalization of Severely Distressed Public Housing	Disaster Housing Assistance Grant							14.IKE DHAP-IKE		
REVENUE																	
70300	Net Tenant Rental Revenue	\$ 2,089,303	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,022	\$ -	\$ -	\$ 2,209,325	\$ -	\$ 1,987,782	\$ 4,197,107
70400	Tenant Revenue - Other	173,198	-	-	-	-	-	-	-	-	-	-	173,198	-	27,370	200,568	
70500	Total Tenant Revenue	2,262,501	-	-	-	-	-	-	-	-	120,022	-	-	2,382,523	-	2,015,152	4,397,675
70600	HUD PHA Operating Grants	3,085,759	-	-	49,724	29,458,228	67,512	-	-	-	-	-	32,661,223	-	-	32,661,223	
70610	Capital Grants	398,374	-	-	-	-	-	-	-	-	-	-	398,374	-	-	398,374	
70710	Management Fee	-	-	-	-	-	-	-	-	-	1,070,217	(1,000,639)	69,578	-	-	69,578	
70720	Asset Management Fee	-	-	-	-	-	-	-	-	-	105,240	(105,240)	-	-	-	-	
70730	Book-keeping Fee	-	-	-	-	-	-	-	-	-	365,634	(365,634)	-	-	-	-	
70700	Total Fee Revenue	-	-	-	-	-	-	-	-	-	1,541,091	(1,471,513)	69,578	-	-	69,578	
71100	Investment Income - Unrestricted	6,462	822	2,822	-	1,298	135	-	1,290	-	6,364	-	19,193	-	9,301	28,494	
71400	Fraud Recovery	-	-	-	-	52,738	-	-	-	-	-	-	52,738	-	-	52,738	
71500	Other Revenue	174,052	-	-	-	1,454,517	40	-	-	1,294,878	105,498	-	3,028,985	555,862	5,380,559	8,965,406	
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-	-	-	(38,250)	-	(38,250)	
70000	Total Revenue	5,927,148	822	2,822	49,724	30,966,781	67,687	-	1,290	1,414,900	1,652,953	(1,471,513)	38,612,614	517,612	7,405,012	46,535,238	
EXPENSES																	
Administrative:																	
91100	Administrative Salaries	341,426	-	-	-	836,142	2,367	-	-	5,156	795,860	-	1,980,951	8,648	256,983	2,246,582	
91200	Auditing Fees	13,392	-	-	-	27,372	277	-	-	-	2,854	-	43,895	-	17,900	61,795	
91300	Management Fee	555,507	-	-	-	445,132	-	-	-	-	-	(1,000,639)	-	69,578	-	69,578	
91310	Book-Keeping Fee	75,122	-	-	-	290,512	-	-	-	-	-	(365,634)	-	-	-	-	
91400	Advertising and Marketing	-	-	-	-	986	-	-	-	-	-	-	986	1,738	2,615	5,339	
91500	Employee Benefit Contributions - Administration	96,800	-	-	-	266,858	374	-	-	1,023	195,687	-	560,742	3,797	84,709	649,248	
91600	Office Expenses	86,359	-	-	6,000	183,537	-	-	-	-	481,063	-	756,959	26,185	69,610	852,754	
91700	Legal Expense	343	-	-	-	968	-	-	-	-	14,745	-	16,056	3,251	2,039	21,346	
91800	Travel	3,747	-	-	594	1,212	-	-	-	-	15,791	-	21,344	652	11,741	33,737	
91900	Other	38,058	-	-	1,628	57,207	-	-	-	622	83,369	-	180,884	11,317	111,352	303,553	
91000	Total Operating - Administrative	1,210,754	-	-	8,222	2,109,926	3,018	-	-	6,801	1,589,369	(1,366,273)	3,561,817	125,166	556,949	4,243,932	
92000	Asset Management Fee	105,240	-	-	-	-	-	-	-	-	-	(105,240)	-	-	-	-	
Tenant Services:																	
92100	Tenant Services - Salaries	103,520	-	-	36,994	-	-	-	-	-	-	-	140,514	-	-	140,514	
92300	Employee Benefit Contributions - Tenant Services	28,711	-	-	4,508	-	-	-	-	-	-	-	33,219	-	-	33,219	
92400	Tenant Services - Other	36,275	-	-	-	-	-	-	-	-	-	-	36,275	30,000	-	66,275	
92500	Total Tenant Services	168,506	-	-	41,502	-	-	-	-	-	-	-	210,008	30,000	-	240,008	
Utilities:																	
93100	Water	73,237	-	-	-	110	-	-	-	98	871	-	74,316	34	29,617	103,967	
93200	Electricity	516,843	-	-	-	3,283	-	-	-	49	22,606	-	542,781	1,006	51,074	594,861	
93300	Gas	99,742	-	-	-	501	-	-	-	-	673	-	100,916	154	-	101,070	
93600	Sewer	331,376	-	-	-	379	-	-	-	130	1,338	-	333,223	116	23,652	356,991	
93000	Total Utilities	1,021,198	-	-	-	4,273	-	-	-	277	25,488	-	1,051,236	1,310	104,343	1,156,889	

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019
EXCEPT FOR PARTNERSHIPS WITH YEAR ENDED DECEMBER 31, 2018

Line Item No.	Account Description	Programs											6.1 Component Unit - Discretely Presented			Total		
		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			
EXPENSES (CONTINUED)																		
Ordinary Maintenance and Operations:																		
94100	Ordinary Maint and Operation -Labor	\$ 608,049	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,172	\$ -	\$ 635,221	\$ -	\$ 205,447	\$ 840,668
94200	Ordinary Maint and Operations-Materials	463,887	-	-	-	-	-	-	-	-	-	-	4,509	12,117	480,513	-	22,447	502,960
94300	Ordinary Maint and Operations-Contracts	667,683	-	-	-	23,569	-	-	-	-	-	-	11,283	85,978	788,513	3,733	782,598	1,574,844
94500	Employee Benefit Contributions-Maint	164,845	-	-	-	-	-	-	-	-	-	-	-	10,002	174,847	-	-	174,847
94000	Total Maintenance	1,904,464	-	-	-	23,569	-	-	-	-	-	-	15,792	135,269	2,079,094	3,733	1,010,492	3,093,319
Protective Services:																		
95200	Protective Services - Other Contract Costs	58,389	-	-	-	-	-	-	-	-	-	-	-	-	58,389	-	1,203	59,592
95000	Total Protective Services	58,389	-	-	-	-	-	-	-	-	-	-	-	-	58,389	-	1,203	59,592
Insurance Premiums:																		
96110	Property Insurance	560,066	-	-	-	-	-	-	-	-	-	-	21,736	-	581,802	-	230,942	812,744
96120	Liability Insurance	55,032	-	-	-	51,994	-	-	-	-	-	-	-	10,356	117,382	-	-	117,382
96130	Workmen's Compensation	43,799	-	-	-	33,047	-	95	-	-	-	-	139	32,558	109,638	321	9,142	119,101
96140	All Other Insurance	27,877	-	-	-	26,936	-	-	-	-	-	-	-	34,954	89,767	4,049	1,454	95,270
96100	Total Insurance Premiums	686,774	-	-	-	111,977	-	95	-	-	-	-	139	99,604	898,589	4,370	241,538	1,144,497
Other General Expenses:																		
96200	Other General Expenses	97,917	-	-	-	18,734	-	-	-	-	-	-	79,651	-	196,302	18,625	596,967	811,894
96210	Compensated Absences	3,305	-	-	-	6,199	-	-	-	-	-	-	-	70	9,574	(3,344)	-	6,230
96400	Bad Debt - Tenant Rents	68,127	-	-	-	30,139	-	-	-	-	-	-	4,600	-	102,866	-	26,880	129,746
96600	Bad Debt - Other	45,500	-	-	-	-	-	-	-	-	-	-	-	-	45,500	463,350	-	463,350
96000	Total Other General Expenses	214,849	-	-	-	55,072	-	-	-	-	-	-	84,251	70	354,242	478,631	623,847	947,870
96720	Interest on Notes Payable	174,616	-	-	-	-	-	-	-	-	-	-	-	-	174,616	-	805,509	980,125
96700	Total Interest Expense and Amortization	174,616	-	-	-	-	-	-	-	-	-	-	-	-	174,616	-	805,509	980,125
96900	Total Operating Expenses	5,544,790	-	-	49,724	2,304,817	3,113	-	-	107,260	1,849,800	(1,471,513)	8,387,991	643,210	3,343,881	11,866,232		
97000	Excess (Deficiency) of Operating Revenue Over (Under) Operating Expenses	382,358	822	2,822	-	28,661,964	64,574	-	1,290	1,307,640	(196,847)	-	30,224,623	(125,598)	4,061,131	34,160,156		
Other Expenses:																		
97100	Extraordinary Maintenance	45,880	-	-	-	-	-	-	-	-	-	-	-	-	45,880	-	-	45,880
97200	Casualty Loss - Non-Capitalized	(28,142)	-	-	-	-	-	-	-	-	-	-	-	-	(28,142)	-	-	(28,142)
97300	Housing Assistance Payments	-	-	-	-	27,464,778	45,432	-	-	1,281,133	-	-	-	-	28,791,343	-	-	28,791,343
97350	HAP Portability-In	-	-	-	-	1,140,974	-	-	-	-	-	-	-	-	1,140,974	-	-	1,140,974
97400	Depreciation Expense	1,108,135	-	-	-	5,197	-	-	68,165	-	-	-	121,295	-	1,302,792	4,625	1,825,159	3,132,576
	Total Other Expenses	1,125,873	-	-	-	28,610,949	45,432	-	1,281,133	121,295	-	-	31,252,847	4,625	1,825,159	33,082,631		
90000	Total Expenses	6,670,663	-	-	49,724	30,915,766	48,545	68,165	-	1,388,393	1,971,095	(1,471,513)	39,640,838	647,835	5,169,040	45,457,713		
OTHER FINANCING SOURCES (USES)																		
10010	Operating Transfer In	174,616	-	-	-	-	-	-	-	-	445,481	(620,097)	-	-	-	-	-	-
10020	Operating Transfer Out	(174,616)	-	-	-	(445,481)	-	-	-	-	-	620,097	-	-	-	-	-	-
10080	Special Items (Net Gain/Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10092	Inter Project Excess Cash Transfer - Out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10100	Total Other Financing Sources (Uses)	-	-	-	-	(445,481)	-	-	-	-	445,481	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	(743,515)	822	2,822	-	(394,466)	19,142	(68,165)	1,290	26,507	127,339	-	(1,028,224)	(130,223)	2,235,972	1,077,525		
11030	Beginning Equity	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	29,293,967	64,637,400		
11040	Prior Period Adjustment, Equity Transfer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET POSITION - END OF YEAR		\$ 22,967,413	\$ 819,893	\$ 2,814,042	\$ -	\$ 866,308	\$ 278,596	\$ 1,848,841	\$ 1,286,593	\$ 51,947	\$ 2,933,530	\$ -	\$ 33,867,163	\$ 317,823	\$ 31,529,939	\$ 65,714,925		

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
FINANCIAL DATA SCHEDULE – STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2019
EXCEPT FOR PARTNERSHIPS WITH YEAR ENDED DECEMBER 31, 2018

Line Item No.	Account Description	Project Total	Programs										6.1 Component Unit - Discretely Presented			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				
11020	Required Annual Debt Principal Payments	\$ 189,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,610	\$ -	\$ 97,114	\$ 286,724
11030	Beginning Equity	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	29,293,967	64,637,400	
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	1,356,783	-	-	-	-	-	-	-	-	1,356,783	-	-	1,356,783	
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11190	Unit Months Available	10,880	-	-	-	50,603	288	-	-	-	-	-	-	-	65,694	-	3,968	69,662	
11210	Number of Unit Months Leased	10,424	-	-	-	38,735	288	-	-	-	2,487	-	-	-	51,934	-	3,891	55,825	
11270	Excess Cash	5,838,905	-	-	-	-	-	-	-	-	-	-	-	-	5,838,905	-	-	5,838,905	
11610	Land Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11620	Building Purchases	398,374	-	-	-	-	-	-	-	-	-	-	-	-	398,374	-	-	398,374	
11630	Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11640	Furniture & Equipment - Admin. Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11650	Leasehold Improvements Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11660	Infrastructure Purchases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
13510	CFFP Debt Service Payments	364,227	-	-	-	-	-	-	-	-	-	-	-	-	364,227	-	-	364,227	
13901	Replacement Housing Factor Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
COMBINING SCHEDULE OF THE DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2018**

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, L.P.	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	River South Development, L.P.	Total
Assets								
Current Assets	\$ 128,314	\$ 805,182	\$ 670,137	\$ 642,111	\$ 589,548	\$ 376,341	\$ 79,034	\$ 3,290,667
Other Assets	-	135	2,167	1,722	2,899	760	-	7,683
Capital Assets	3,381,217	9,791,176	8,105,628	7,415,933	7,400,145	5,304,091	9,737,971	51,136,161
Total Assets	<u>\$ 3,509,531</u>	<u>\$ 10,596,493</u>	<u>\$ 8,777,932</u>	<u>\$ 8,059,766</u>	<u>\$ 7,992,592</u>	<u>\$ 5,681,192</u>	<u>\$ 9,817,005</u>	<u>\$ 54,434,511</u>
Liabilities								
Current Liabilities	\$ 39,911	\$ 98,492	\$ 105,419	\$ 104,834	\$ 87,354	\$ 22,743	\$ 4,149,424	\$ 4,608,177
Noncurrent Liabilities	1,230,571	2,440,350	3,492,506	4,208,397	4,089,996	1,080,967	1,753,608	18,296,395
Total Liabilities	1,270,482	2,538,842	3,597,925	4,313,231	4,177,350	1,103,710	5,903,032	22,904,572
Net Position								
Net Investment in Capital Assets	2,169,513	7,334,421	4,587,841	3,188,194	3,291,722	4,223,124	4,462,888	29,257,703
Restricted Net Position	-	-	-	-	-	-	-	-
Unrestricted Net Position	69,536	723,230	592,166	558,341	523,520	354,358	(548,915)	2,272,236
Total Net Position	<u>2,239,049</u>	<u>8,057,651</u>	<u>5,180,007</u>	<u>3,746,535</u>	<u>3,815,242</u>	<u>4,577,482</u>	<u>3,913,973</u>	<u>31,529,939</u>
Total Liabilities and Net Position	<u>\$ 3,509,531</u>	<u>\$ 10,596,493</u>	<u>\$ 8,777,932</u>	<u>\$ 8,059,766</u>	<u>\$ 7,992,592</u>	<u>\$ 5,681,192</u>	<u>\$ 9,817,005</u>	<u>\$ 54,434,511</u>

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
COMBINING SCHEDULE OF THE DISCRETELY PRESENTED COMPONENT UNITS
YEAR ENDED DECEMBER 31, 2018

	Brookstown Place Partnership, ALPIC	Cedar Pointe Subdivision, L.P.	Wesley Chapel Development, L.P.	EBRPHA Development 1, L.P.	EBRPHA Development 2, L.P.	EBRPHA Development 4, L.P.	River South Development, L.P.	Total
Operating Revenue								
Tenant Revenue	\$ 275,542	\$ 802,256	\$ 601,319	\$ 115,075	\$ 109,268	\$ 50,274	\$ 61,418	\$ 2,015,152
Operating Grant Revenue	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	283,253	271,051	207,608	4,618,647	5,380,559
Total Operating Revenue	<u>275,542</u>	<u>802,256</u>	<u>601,319</u>	<u>398,328</u>	<u>380,319</u>	<u>257,882</u>	<u>4,680,065</u>	<u>7,395,711</u>
Operating Expenses								
Administrative	40,895	107,810	142,997	68,286	71,168	75,077	50,716	556,949
Utilities	3,554	5,101	46,365	11,090	13,276	8,929	16,028	104,343
Maintenance	80,682	235,867	158,143	178,575	195,411	91,449	70,365	1,010,492
Insurance Premiums	33,216	82,230	50,748	25,421	25,442	23,867	614	241,538
Protective Services	-	-	1,203	-	-	-	-	1,203
Other General Expense	43,235	138,599	61,004	30,009	28,897	20,792	301,311	623,847
Depreciation Expense	123,389	401,876	307,943	329,601	324,234	183,201	154,915	1,825,159
Total Operating Expenses	<u>324,971</u>	<u>971,483</u>	<u>768,403</u>	<u>642,982</u>	<u>658,428</u>	<u>403,315</u>	<u>593,949</u>	<u>4,363,531</u>
Operating Loss	(49,429)	(169,227)	(167,084)	(244,654)	(278,109)	(145,433)	4,086,116	3,032,180
Nonoperating Revenues (Expenses)								
Investment Income	30	4,977	1,609	1,084	1,071	530	-	9,301
Interest Expense	(66,136)	(178,243)	(143,404)	(118,377)	(113,160)	(14,046)	(172,143)	(805,509)
Total Nonoperating Revenue (Expenses)	<u>(66,106)</u>	<u>(173,266)</u>	<u>(141,795)</u>	<u>(117,293)</u>	<u>(112,089)</u>	<u>(13,516)</u>	<u>(172,143)</u>	<u>(796,208)</u>
Increase (Decrease) in Net Position	(115,535)	(342,493)	(308,879)	(361,947)	(390,198)	(158,949)	3,913,973	2,235,972
Net Position - Beginning of Year December 31, 2017	<u>2,354,584</u>	<u>8,400,144</u>	<u>5,488,886</u>	<u>4,108,482</u>	<u>4,205,440</u>	<u>4,736,431</u>	<u>-</u>	<u>29,293,967</u>
Net Position - End of Year December 31, 2018	<u>\$ 2,239,049</u>	<u>\$ 8,057,651</u>	<u>\$ 5,180,007</u>	<u>\$ 3,746,535</u>	<u>\$ 3,815,242</u>	<u>\$ 4,577,482</u>	<u>\$ 3,913,973</u>	<u>\$ 31,529,939</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, 2019, except for the discretely presented component units with year end of December 31, 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 March 17, 2020. Our report includes a reference to other auditors who audited the financial statements of all discrete component units, except for Partners for Progress, Inc. as described in our report on Authority's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Lakeland, Florida
March 17, 2020



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 Programs

We have audited the Housing Authority of East 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, 2019. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The Authority's basic financial statements include the operations of discretely presented component units which may have received federal awards, and which are not included in the schedule of expenditures of federal awards for the year ended September 30, 2019. Separate audits were performed of the component units in accordance with OMB Circular Uniform Grant Guidance, if required. Results of those audits, if any, are separately reported.

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, 2019.

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
March 17, 2020

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2019**

Federal Grantor Program	Federal CFDA Number	Federal Expenditures	Passed through to Subrecipients
Direct Federal Assistance			
<u>United States Department of Housing and Urban Development</u>			
Public and Indian Housing	14.850	\$ 3,085,759	\$ -
Public Housing Capital Fund	14.872	398,374	-
Housing Choice Voucher Program	14.871	29,458,228	-
Resident Opportunity and Supportive Services	14.870	49,724	-
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249	<u>67,512</u>	<u>-</u>
Total Direct Federal Assistance		<u>33,059,597</u>	<u>-</u>
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>346,084</u>	<u>-</u>
Total Indirect Federal Assistance		<u>346,084</u>	<u>-</u>
Total Federal Assistance		<u>\$ 33,405,681</u>	<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, 2019**

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, 2019. 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 Minimis Indirect Cost Rate allowed under Uniform Guidance.

NOTE 3 OUTSTANDING LOAN

The Authority had the following loan balances outstanding at September 30, 2019.

Federal Grantor Program	Federal CFDA Number	Amount Outstanding
HOME Investment Partnership Program	14.239	\$ 14,209

NOTE 4 HOUSING CHOICE VOUCHER PROGRAM

In accordance with HUD regulations, HUD considers the Annual Budget Authority for the Section 8 Housing Choice Voucher Program, CFDA No. 14.871, to be considered an expenditure for the purposes of this schedule. Therefore, the amount in this schedule is the total amount received directly from HUD and not the total expenditures paid by the Authority.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness identified? _____ Yes X 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
14.850	Public and Indian Housing

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,006,787

Auditee qualified as low-risk auditee? _____ Yes X No

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2019**

U.S. Department of Housing and Urban Development

The Housing Authority of East Baton Rouge Parish respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2019.

Audit period: October 1, 2018 – September 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018-001 Restatement of Unearned Revenue Beginning Balance

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

Status: This has been corrected.

2018-002 Restatement of Beginning Balances

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

Status: This has been corrected.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

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

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
(UNAUDITED)
YEAR ENDED SEPTEMBER 30, 2019**

EXPENDITURE PURPOSE

Salary	\$ 180,000
Benefits-Insurance	11,108
Benefits-Retirement	18,900
Per Diem	465
Registration Fees	875
Conference Travel	2,066
Total Compensation, Benefits, and Other Payments	\$ 213,414

Agency Head: Jim Daniels, Chief Executive Officer
Period: October 1, 2018 through September 30, 2019

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*.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATE AGREED UPON PROCEDURES**

BATON ROUGE, LOUISIANA

AGREED UPON PROCEDURES REPORT

YEAR ENDED SEPTEMBER 30, 2019



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Commissioners
The Housing Authority of East Baton Rouge Parish
and the Louisiana Legislative Auditor
Baton Rouge, LA

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, 2018 through September 30, 2019. The Authority's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The Authority did not have any exceptions noted in the following procedures during fiscal year 2017 and 2018, therefore the testing of these procedures were excluded during fiscal year 2019: Written Policies and Procedures (with the exception of the new requirement in 2019 of the Disaster Recovery/Business Continuity Policy), Bank Reconciliations, Collections, Non-Payroll Disbursements, Credit Cards/Debit Cards/Fuel Cards/P-Cards, Travel and Travel-Related Expense Reimbursement, Contracts, Payroll and Personnel, Ethics, Debt Service, and Other.

The procedures and the associated findings are as follows:

1. **Written Policies and Procedures** – Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations).
 - a. **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
2. **Board or Finance Committee** - Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget- to-actual comparisons, if budgeted) for major proprietary funds.⁶ *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results

1. The Authority was able to provide a written policy related to Disaster Recovery/Business Continuity. We noted the policy met all requirements as noted in the SAUP except we noted that there was no mention of an anti-virus software.
2. Board meetings were held in 11 of the 12 months. 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. We noted that during the year end closing process and submission of the unaudited financials, the first three months of the current fiscal year were not available on a monthly basis. After closeout, the reports were submitted monthly.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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
March 17, 2020