

THE HOUSING AUTHORITY  
OF  
EAST BATON ROUGE PARISH  
  
BATON ROUGE, LOUISIANA  
  
REPORT ON EXAMINATION  
OF  
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA  
  
YEAR ENDED SEPTEMBER 30, 2017

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

BATON ROUGE, LOUISIANA

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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 Housing Authority of East Baton Rouge Parish's Enterprise Fund, and Partners for Progress, Incorporated (a discretely presented component unit of the Authority), as of and for the year ended September 30, 2017, and the related notes to the financial statements as listed in the table of contents. We did not audit the financial statements of Brookstown Place Partnership A.L.P.I.C.; Cedar Pointe Subdivision L.P.; Wesley Chapel Development L.P.; EBRPHA Development 1 L.P.; EBRPHA Development 2 L.P.; and EBRPHA Development 4 L.P. (the 'Partnerships', aggregate discretely presented component units of the Authority) which represent 100% of the assets and deferred outflows of resources, net position and revenue of the 'Partnerships' column of the Authority's basic financial statements, as of and for the year ended December 31, 2016.

### 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 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of the Partnerships which represent 100% of the assets and deferred outflows of resources, net position and revenue of the 'Partnerships' column of the Authority's basic financial statements, as of and for the year ended December 31, 2016. Those financial statements were audited by another auditor whose reports have been furnished to us, and our opinion on the basic financial statements, insofar as it relates to the amounts included for the Partnerships are based on the reports of the other auditor. 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 auditor's 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 Authority'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 Authority'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 opinion.

## **Opinion**

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority's Enterprise Fund and Partners for Progress, Incorporated (a discretely presented component unit of the Authority) as of September 30, 2017; and the Partnerships (aggregate discretely presented component units of the Authority) as of December 31, 2016, and the respective changes in financial position and cash flows thereof for the years 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 Management's Discussion and Analysis on pages 7 through 16 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.

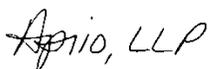
## **Other Information**

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. Supplementary data is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Financial Data Schedule is presented for the Department of Housing and Urban Development's information, and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Additionally, the accompanying Schedules of Compensation, Benefits and Other Payments to the Chief Executive Officer; and the Report on Agreed-Upon Procedures are presented for the Office of the Louisiana Legislative Auditor's information and is not a required part of the basic financial statements.

The Financial Data Schedule, the Schedule of Expenditures of Federal Awards and other supplementary data are the responsibility of management and were derived from and relate directly to the underlying accounting data and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting data and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Birmingham, Alabama  
February 26, 2018

**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 Authority's Enterprise Fund; and Partners for Progress, Incorporated (a discretely presented component unit of the Authority), as of and for the year ended September 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2018. Our report includes a reference to another auditor who audited the financial statements of the Partnerships (aggregate discretely presented component units of the Authority), as described in our report on the Authority's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by the other auditor. However, this report, insofar as it relates to the results of the other auditor, is based solely on the reports of the other auditor.

**Internal Control Over Financial Reporting**

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

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

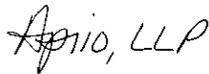
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

A handwritten signature in black ink that reads "Aprio, LLP". The signature is written in a cursive, slightly slanted style.

Birmingham, Alabama

February 26, 2018

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

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

### Report on Compliance for the Major Federal Program

We have audited the Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended September 30, 2017. The Authority's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program 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* (CFR) 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 the major federal program. However, our audit does not provide a legal determination of Authority's compliance.

### Opinion on the Major Program

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2017.

## **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 the major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a 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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Aprio, LLP*

Birmingham, Alabama  
February 26, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

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

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Authority's financial statements. This MD&A covers only the Authority's Enterprise Fund and does not analyze the financial position or current year's activity of the discretely presented Component Units. Separate audit reports have been issued on the financial statements of the Component Units. The audited financial statements of the Component Units have been included in the financial statements of the Authority.

### **FINANCIAL HIGHLIGHTS**

- The Authority's net position decreased \$1.1 million in 2017. Net Position was \$35.3 million and \$36.4 million for 2017 and 2016, respectively.
- Revenues decreased \$2.3 million during 2017, and were \$33.2 million and \$35.5 million for 2017 and 2016, respectively.
- The total expenses of all Authority programs decreased \$.6 million. Total expenses were \$34.2 million and \$34.8 million for 2016 and 2015, respectively.

## 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)

## Authority-Wide Financial Statements

### **Statement of Net Position**

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

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

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

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

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

### **Statement of Revenues, Expenses, and Changes in Net Position**

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

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

### **Statement of Cash Flows**

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

## The Authority's Main Programs

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

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Vouchers Program – Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

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

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

## AUTHORITY-WIDE STATEMENTS

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

**TABLE 1  
CONDENSED STATEMENT OF NET POSITION**

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
Assets and Deferred Outflows of Resources:			
Current Assets	\$ 13,770,652	\$ 15,113,648	\$ (1,342,996)
Restricted Assets	759,396	1,442,681	(683,285)
Capital Assets	21,698,322	21,212,258	486,064
Other Non-Current Assets	3,514,123	3,455,070	59,053
Deferred Outflows of Resources	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b><u>\$ 39,742,493</u></b>	<b><u>\$ 41,223,657</u></b>	<b><u>\$ (1,481,164)</u></b>
Liabilities and Deferred Inflows of Resources:			
Current Liabilities	\$ 1,749,447	\$ 1,794,025	\$ (44,578)
Non-Current Liabilities	2,722,733	3,080,415	(357,682)
Deferred Inflows of Resources	-	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b><u>\$ 4,472,180</u></b>	<b><u>\$ 4,874,440</u></b>	<b><u>\$ (402,260)</u></b>
Net Position:			
Net Investment in Capital Assets	\$ 21,550,148	\$ 21,022,099	\$ 528,049
Restricted Net Position	199,094	882,379	(683,285)
Unrestricted Net Position	13,521,071	14,444,739	(923,668)
<b>Total Net Position</b>	<b><u>\$ 35,270,313</u></b>	<b><u>\$ 36,349,217</u></b>	<b><u>\$ (1,078,904)</u></b>

### Major Factors Affecting the Statement of Net Position

During 2017, current assets decreased \$1.3 million resulting primarily from decreases of unrestricted cash and accounts receivable. The decrease of unrestricted cash was due mainly to capital asset expenditures from the Authority's Central Office Cost Center (COCC) operating reserves. The decrease of accounts receivable was a result of fiscal year 2017 collections of predevelopment funds previously advanced to an affiliate. Restricted assets and restricted net position 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 increased due to capital additions exceeding depreciation. See Table 5 on page 15 for a summary of the changes in capital assets. Non-current liabilities decreased due to the retirement of long-term debt obligations and the reporting of former long-term debt as current debt due to fiscal year 2018 maturities.

Table 2 presents details on the change in Unrestricted Net Position.

<b>TABLE 2</b>	
<b>CHANGES IN UNRESTRICTED NET POSITION</b>	
<b>Unrestricted Net Position, September 30, 2016</b>	<b>\$ 14,444,739</b>
Results of operations	(1,569,653)
Capital expenditures from operations	(1,250,454)
Principal expenditures on capital debt from operations	(41,985)
Interest expense funded from operations	(5,990)
Capital grants recognized to fund non-capital debt principal payments	181,996
Investment income	5,213
Mixed finance program expense funded from operations	(17,544)
Funds restricted for debt service during fiscal year 2017	(199,094)
HAP expense funded from fiscal year 2016 restricted reserves	282,379
Depreciation expense	<u>1,691,464</u>
<b>Unrestricted Net Position, September 30, 2017</b>	<b><u><u>\$ 13,521,071</u></u></b>

While the results of operations are a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Position provides a clearer change in financial well-being.

**TABLE 3**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

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

	<u>2017</u>	<u>2016</u>	<u>Variance</u>
<b>Revenues:</b>			
Tenant rental revenue	\$2,257,477	\$2,284,620	(\$27,143)
Operating grants	28,431,054	30,646,222	(2,215,168)
Capital Contributions	1,487,528	1,231,883	255,645
Investment income	5,213	5,346	(133)
Other revenue	1,006,064	1,371,904	(365,840)
<b>Total revenues</b>	<b><u>33,187,336</u></b>	<b><u>35,539,975</u></b>	<b><u>(2,352,639)</u></b>
<b>Expenses:</b>			
Administrative expenses	3,402,266	3,487,872	(85,606)
Tenant services	72,475	77,589	(5,114)
Utilities	1,037,173	1,002,937	34,236
Maintenance and operations	1,862,675	1,690,871	171,804
Protective services	69,604	72,970	(3,366)
General expenses	980,729	1,256,635	(275,906)
Interest expense	207,992	221,916	(13,924)
Housing assistance payments	24,147,862	25,250,268	(1,102,406)
Mixed Finance Program Expense	794,000	-	794,000
Depreciation	1,691,464	1,793,554	(102,090)
<b>Total expenses</b>	<b><u>34,266,240</u></b>	<b><u>34,854,612</u></b>	<b><u>(588,372)</u></b>
<b>Increase (Decrease) in Net Position</b>	<b><u>(\$1,078,904)</u></b>	<b><u>\$685,363</u></b>	<b><u>(\$1,764,267)</u></b>

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

**REVENUE**

Overall revenues decreased during 2017 in comparison to 2016 by \$2.4 million. Operating grants decreased \$2.2 million due primarily to a decrease in current year funding recognized under the Section 8 Housing Choice Voucher program resulting from decreased leasing and the availability of restricted Housing Assistance Payment (HAP) reserves at the end of fiscal year 2016. Capital contributions increased due to both an upsurge in modernization activity on the Authority's Public Housing dwelling properties and HUD's approval to expend Replacement Housing Factor (RHF) funds on construction costs of a mixed finance development project. Other revenue decreased due primarily to a reduction of developer fee revenue recognized, and a reduction of management fees recognized from Partners-for-Progress, Inc. and an affiliated housing agency formerly managed by the Authority.

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

**EXPENSES**

Maintenance expenses increased almost \$.2 million, including increases in personnel, materials and external contracting costs due mainly to weather-related repairs. General expenses decreased due primarily to a fiscal year 2016 recapture from HUD of incorrectly approved operating subsidies pertaining to fiscal years 2004 and 2005. Housing assistance payments decreased largely as a result of a decrease in leasing. During fiscal year 2017, the Authority advanced funds under a Promissory Note to River South Development, LP (an affiliated partnership) to partially fund construction costs of a low-moderate income apartment complex. Due to uncertainties regarding collectability of the Note, Authority management has elected to expense the transaction through its mixed finance program expense account. Depreciation expense decreased due to assets reaching their expected useful lives during the current and prior fiscal years.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### CAPITAL ASSETS

As of fiscal year-end, the Authority had \$21.7 million invested in a variety of capital assets as reflected in the following schedule:

**TABLE 4  
CAPITAL ASSETS AT YEAR-END  
(NET OF DEPRECIATION)**

	<u>2017</u>	<u>2016</u>	<u>Variance</u>	<u>% Change</u>
Land	\$5,784,670	\$5,321,281	\$463,389	9%
Buildings and Improvements	43,922,500	42,227,395	1,695,105	4%
Furniture and equipment	677,469	614,113	63,356	10%
Construction in progress	1,911,098	1,955,420	(44,322)	-2%
Accumulated depreciation	(30,597,415)	(28,905,951)	(1,691,464)	6%
<b>Net Capital Assets</b>	<b><u>\$21,698,322</u></b>	<b><u>\$21,212,258</u></b>	<b><u>\$486,064</u></b>	<b><u>2%</u></b>

The following reconciliation summarizes the change in Capital Assets:

**TABLE 5  
CHANGE IN CAPITAL ASSETS**

<b>Beginning Balance, October 1, 2016</b>	<b>\$ 21,212,258</b>
<u>Additions and Transfers:</u>	
Land	463,389
Buildings and Improvements	1,695,105
Furniture and Equipment	63,356
Construction in Process	1,308,101
Construction in Process (Transfer)	(1,352,423)
Depreciation Expense	<u>(1,691,464)</u>
<b>Ending Balance, September 30, 2017</b>	<b><u>\$ 21,698,322</u></b>

## CAPITAL ASSETS AND DEBT ADMINISTRATION - CONTINUED

### Debt

As of fiscal year-end, the Authority had almost \$2.6 million in long-term debt outstanding compared to \$2.9 million last year.

TABLE 6

#### OUTSTANDING DEBT, AT YEAR-END

	<u>Balance as of 9/30/2017</u>	<u>Balance as of 9/30/2016</u>
Mortgages and Notes Payable	\$ 2,893,713	\$ 3,117,694
Less Current Portion	<u>(343,522)</u>	<u>(224,089)</u>
Long Term Debt	<u><u>\$ 2,550,191</u></u>	<u><u>\$ 2,893,605</u></u>

#### ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

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

#### 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, 2017**

**ASSETS AND DEFERRED**  
**OUTFLOWS OF RESOURCES**

	<b>Enterprise Fund</b>	<b>Partners-for- Progress, Incorporated</b>	<b>Partnerships- December 31, 2016 Year End</b>	<b>Total Reporting Entity</b>
<b><u>Current Assets</u></b>				
Cash and Cash Equivalents	\$ 13,093,283	\$ 171,131	\$ 545,016	\$ 13,809,430
Accounts Receivable - Grants	-	90,000	-	90,000
Tenants Accounts Receivable	48,129	-	8,617	56,746
Allowance for Doubtful Accounts	(7,266)	-	-	(7,266)
Accounts Receivable - Other	112,813	813,725	7,086	933,624
Prepaid Costs	376,914	1,541	67,800	446,255
Inventory	146,779	-	-	146,779
Assets Held for Sale	-	346,334	-	346,334
Total Current Assets	<u>13,770,652</u>	<u>1,422,731</u>	<u>628,519</u>	<u>15,821,902</u>
<b><u>Restricted Assets</u></b>				
Cash and Cash Equivalents	759,396	-	6,602,714	7,362,110
Total Restricted Assets	<u>759,396</u>	<u>-</u>	<u>6,602,714</u>	<u>7,362,110</u>
<b><u>Capital Assets</u></b>				
Land	5,784,670	-	803,683	6,588,353
Buildings and Improvements	43,922,500	-	49,479,912	93,402,412
Furniture & Equipment	677,469	15,418	3,220,889	3,913,776
Construction in Progress	1,911,098	-	-	1,911,098
	<u>52,295,737</u>	<u>15,418</u>	<u>53,504,484</u>	<u>105,815,639</u>
(Less): Accumulated Depreciation	(30,597,415)	(9,251)	(8,752,153)	(39,358,819)
Net Capital Assets	<u>21,698,322</u>	<u>6,167</u>	<u>44,752,331</u>	<u>66,456,820</u>
<b><u>Other Assets</u></b>				
Notes Receivable	3,409,570	980,200	-	4,389,770
Other Non-current Receivables	104,553	-	-	104,553
Other Non-current Assets	-	-	173,238	173,238
Total Other Assets	<u>3,514,123</u>	<u>980,200</u>	<u>173,238</u>	<u>4,667,561</u>
Total Assets	<u>39,742,493</u>	<u>2,409,098</u>	<u>52,156,802</u>	<u>94,308,393</u>
Deferred Outflows of Resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 39,742,493</u>	<u>\$ 2,409,098</u>	<u>\$ 52,156,802</u>	<u>\$ 94,308,393</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2017**

**LIABILITIES, DEFERRED INFLOWS OF**  
**RESOURCES AND NET POSITION**

	<b>Enterprise Fund</b>	<b>Partners-for- Progress, Incorporated</b>	<b>Partnerships- December 31, 2016 Year End</b>	<b>Total Reporting Entity</b>
<b><u>Current Liabilities</u></b>				
Accounts Payable	\$ 41,578	\$ 82,635	\$ 354,816	\$ 479,029
Construction Costs Payable	-	-	-	-
Accrued Wages and Payroll Taxes	165,013	4,863	-	169,876
Accrued Compensated Absences	80,558	3,708	-	84,266
Accrued Interest Payable	274	-	363,975	364,249
Tenant Security Deposits	147,601	-	69,374	216,975
Unearned Revenue	970,901	-	4,266,781	5,237,682
Current Portion of Capital Debt	148,174	-	90,784	238,958
Current Portion of Non-capital Debt	195,348	860,084	-	1,055,432
Total Current Liabilities	<u>1,749,447</u>	<u>951,290</u>	<u>5,145,730</u>	<u>7,846,467</u>
<b><u>Long Term Liabilities</u></b>				
Long Term Capital Debt	-	-	15,857,637	15,857,637
Long Term Non-capital Debt	2,550,191	980,200	-	3,530,391
Accrued Compensated Absences	172,542	-	-	172,542
Non-current Liabilities - Other	-	-	300,738	300,738
Total Long Term Liabilities	<u>2,722,733</u>	<u>980,200</u>	<u>16,158,375</u>	<u>19,861,308</u>
Total Liabilities	<u>4,472,180</u>	<u>1,931,490</u>	<u>21,304,105</u>	<u>27,707,775</u>
Deferred Inflows of Resources	-	-	-	-
Total Liabilities and Deferred Inflows of Resources	<u>4,472,180</u>	<u>1,931,490</u>	<u>21,304,105</u>	<u>27,707,775</u>
<b><u>Net Position</u></b>				
Net Investment in Capital Assets	21,550,148	6,167	28,803,910	50,360,225
Restricted Net Position	199,094	-	2,347,581	2,546,675
Unrestricted Net Position	13,521,071	471,441	(298,794)	13,693,718
Total Net Position	<u>35,270,313</u>	<u>477,608</u>	<u>30,852,697</u>	<u>66,600,618</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 39,742,493</u>	<u>\$ 2,409,098</u>	<u>\$ 52,156,802</u>	<u>\$ 94,308,393</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Enterprise Fund</b>	<b>Partners-for- Progress, Incorporated</b>	<b>Partnerships- December 31, 2016 Year End</b>	<b>Total Reporting Entity</b>
<b><u>Operating Revenues</u></b>				
Dwelling Rent	\$ 2,257,477	\$ -	\$ 1,506,241	\$ 3,763,718
Operating Grants	28,431,054	90,000	760,871	29,281,925
Sales Revenue	-	469,244	-	469,244
Construction Management Fees	-	152,100	-	152,100
Developer Fee Income	7,729	77,294	-	85,023
Other Revenue	998,335	40,897	75,000	1,114,232
Total Operating Revenues	<u>31,694,595</u>	<u>829,535</u>	<u>2,342,112</u>	<u>34,866,242</u>
<b><u>Operating Expenses</u></b>				
Administrative	3,402,266	191,642	666,917	4,260,825
Tenant Services	72,475	30,000	-	102,475
Utilities	1,037,173	2,055	70,163	1,109,391
Maintenance and Operations	1,862,675	11,023	627,501	2,501,199
Protective Services	69,604	-	14,190	83,794
Cost of Assets Sold	-	501,225	-	501,225
General Expense	980,729	118,102	278,332	1,377,163
Housing Assistance Payments	24,147,862	-	-	24,147,862
Depreciation	1,691,464	1,542	1,683,898	3,376,904
Total Operating Expenses	<u>33,264,248</u>	<u>855,589</u>	<u>3,341,001</u>	<u>37,460,838</u>
Operating Income (Loss)	<u>(1,569,653)</u>	<u>(26,054)</u>	<u>(998,889)</u>	<u>(2,594,596)</u>
<b><u>Non-Operating Revenues (Expenses)</u></b>				
Investment Income	5,213	22	4,145	9,380
Interest Expense	(207,992)	-	(638,770)	(846,762)
Mixed Finance Program Expense	(794,000)	-	-	(794,000)
Total Non-Operating Rev/(Exp)	<u>(996,779)</u>	<u>22</u>	<u>(634,625)</u>	<u>(1,631,382)</u>
Increase (decrease) before Capital Contributions	<u>(2,566,432)</u>	<u>(26,032)</u>	<u>(1,633,514)</u>	<u>(4,225,978)</u>
Capital Contributions - from HUD	1,103,530	-	-	1,103,530
Debt Service Contributions - from HUD	383,998	-	-	383,998
Capital Contributions - from Partners	-	-	1,619,838	1,619,838
Increase (Decrease) in Net Position	<u>(1,078,904)</u>	<u>(26,032)</u>	<u>(13,676)</u>	<u>(1,118,612)</u>
Net Position, Beginning	36,349,217	503,640	30,866,373	67,719,230
Net Position, Ending	<u>\$ 35,270,313</u>	<u>\$ 477,608</u>	<u>\$ 30,852,697</u>	<u>\$ 66,600,618</u>

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Enterprise Fund</b>	<b>Partners-for- Progress, Incorporated</b>	<b>Partnerships- December 31, 2016 Year End</b>	<b>Total Reporting Entity</b>
<u>Cash flows from operating activities:</u>				
Cash Received from Dwelling Rent	\$ 2,171,411	\$ -	\$ 1,510,323	\$ 3,681,734
Cash Received from Operating Grants	28,308,137	-	-	28,308,137
Sales Proceeds	-	216,875	-	216,875
Operating Grant Receipts from EBRPHA	-	-	760,871	760,871
Proceeds Received from Construction Management (from Brookstown and Cedar Pointe Partnerships)	-	100,000	-	100,000
Developer Fees Received from Partnerships	-	77,294	-	77,294
Developer Fees Received from Partners-for-Progress, Inc.	7,729	-	-	-
Cash Received from Other Sources	986,889	40,897	7,644	1,035,430
Cash Payments for Salaries and Benefits	(3,458,839)	(145,309)	(487,861)	(4,092,009)
Cash Payments to Vendors and Landlords	(27,385,257)	(99,317)	(1,071,529)	(28,556,103)
Cash Payments to Vendors on behalf of Brookstown and Cedar Pointe Partnerships	-	(100,000)	-	(100,000)
Developer Fees Passed-through to EBRPHA	-	(7,729)	-	(7,729)
Subsidies Paid to the Partnerships	(758,936)	-	-	(758,936)
Net cash provided (used) by operating activities	<u>(128,866)</u>	<u>82,711</u>	<u>719,448</u>	<u>673,293</u>
<u>Cash flows from non-capital financing activities:</u>				
Advances from EBRPHA	-	21,565	-	21,565
Grants Received to Fund Non-Capital Debt Service	383,998	-	-	383,998
Principal and Interest paid on Non-capital Debt	(383,998)	(216,875)	-	(600,873)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(195,310)</u>	<u>-</u>	<u>(195,310)</u>
<u>Cash flows from capital and related financing activities:</u>				
Capital Grants Received	1,103,530	-	-	1,103,530
Capital Outlay	(2,177,528)	-	-	(2,177,528)
Payments made on Construction Costs Payable	-	-	(8,500)	(8,500)
Developer Fees Paid to Partners for Progress, Inc.	-	-	(21,734)	(21,734)
Developer Fees Paid to EBRPHA	-	-	(65,203)	(65,203)
Developer Fees Paid to Other Affiliates	-	-	(346,361)	(346,361)
Principal and Interest paid on Capital Debt	(48,052)	-	(1,676,182)	(1,724,234)
Insurance Proceeds Received	-	-	5,858,150	5,858,150
Insurance Proceeds Paid to Contractors	-	-	(1,408,796)	(1,408,796)
Contributions from Partners (Capital-related)	-	-	1,619,838	1,619,838
Net cash provided (used) by capital & related financing activities	<u>(1,122,050)</u>	<u>-</u>	<u>3,951,212</u>	<u>2,829,162</u>
<u>Cash flows from investing activities:</u>				
Interest earned from cash and cash equivalents	5,213	22	4,145	9,380
Proceeds Advanced to P-for-P, Inc.	(21,565)	-	-	(21,565)
Proceeds Received on Advances to River South Development, LP	394,380	-	-	394,380
Proceeds Advanced to River South Development, LP on Promissory Note	(794,000)	-	-	(794,000)
Net cash provided (used) by investing activities	<u>(415,972)</u>	<u>22</u>	<u>4,145</u>	<u>(411,805)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,666,888)</b>	<b>(112,577)</b>	<b>4,674,805</b>	<b>2,895,340</b>
Total cash and cash equivalents, beginning of year	<u>15,519,567</u>	<u>283,708</u>	<u>2,472,925</u>	<u>18,276,200</u>
<b>Total cash and cash equivalents, end of year</b>	<b><u>\$ 13,852,679</u></b>	<b><u>\$ 171,131</u></b>	<b><u>\$ 7,147,730</u></b>	<b><u>\$ 21,171,540</u></b>

Continued on next page

**Reconciliation of operating income (loss) to net cash provided (used) by operating activities:**

Operating Income (Loss)	\$ (1,569,653)	\$ (26,054)	\$ (998,889)	\$ (2,594,596)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and Amortization	1,691,464	1,542	1,712,001	3,405,007
Bad Debt Expense (Tenants)	77,089	-	12,301	89,390
Debt Forgiveness on City Note Payable	-	(184,375)	-	(184,375)
Loss on Realizable Value of AHFS Basis	-	99,198	-	99,198
Change in Tenant Accounts Receivable	(86,120)	-	(3,497)	(89,617)
Change in Accounts Receivable/Payable - Grants	(122,917)	(90,000)	-	(212,917)
Change in Accounts Receivable due from COP, LLC	-	(167,192)	-	(167,192)
Change in Other Accounts Receivable	(19,597)	(52,100)	(1,916)	(73,613)
Change in Prepaid Costs and Inventory	(43,847)	(898)	3,537	(41,208)
Change in Inventory of AHFS	-	501,225	-	501,225
Change in Accounts Payable - Operating	(33,415)	(7,206)	53,772	13,151
Change in Accrued Expenses	(30,075)	8,571	-	(21,504)
Change in Unearned Revenue - Tenants	54	-	7,579	7,633
Change in Security Deposits Held	8,151	-	(65,440)	(57,289)
Net cash provided (used) by operating activities	<u>\$ (128,866)</u>	<u>\$ 82,711</u>	<u>\$ 719,448</u>	<u>\$ 673,293</u>

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Housing Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority is a Special Purpose Government engaged only in business-type activities and therefore, presents only the financial statements required for the enterprise fund in accordance with GASB Statement 34 paragraph 138 and GASB Statement 63.

The Authority has multiple programs which are accounted for in one enterprise fund, which is presented as the "enterprise fund" in the basic financial statements as follows:

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

Governmental Accounting Standards – The Housing Authority has applied all applicable Governmental Accounting Standards Board pronouncements as well as pronouncements issued by the Financial Accounting Standards Board.

Cash

The Housing 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 non-current accounts receivable consist of amounts due from affiliates for operating advances, and fees and HAP advances due from other housing authorities.

Prepaid Items and Inventory

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

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

#### Assets Held for Sale

Assets Held for Sale consist of land and infrastructure expected to be sold within one year and is valued at the lesser of cost or market 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

Authority management has assessed the carrying values of capital asset balances as of September 30, 2017, and as of February 26, 2018. No significant capital asset value impairments exist as of the noted dates.

#### Intangible Assets

In accordance with SFAS 142 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.

#### Unearned Revenue

The Authority recognizes revenues as earned. Funds received before the Authority is eligible to apply them are recorded as a liability under Unearned Revenue. Included in Unearned Revenue as of September 30, 2017, is \$560,302 of insurance proceeds received during fiscal year 2015 as a result of fire damage incurred previously at the Turner Plaza Public Housing site. The remainder of the Authority's Unearned Revenue consists of grant proceeds received in the amount of \$410,545 and \$54 tenant rent pre-payments. The Partnerships' Unearned Revenue consists of \$4,255,133 of insurance proceeds received during calendar year 2016 as a result of flood damage incurred by Brookstown Place Partnership (\$1,152,588) and Cedar Pointe Subdivision, LP (\$3,102,545), and \$11,648 of tenant rent pre-payments.

#### 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.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

#### Revenue Accounting Policies

Dwelling rent income, HUD Grants received for operations, other operating fund grants and operating miscellaneous income are shown as operating income. HUD grants received for capital assets and all other revenue is shown as non-operating revenue.

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

#### Indirect Costs Recovery

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

#### Contributions from Partners

Contributions from Partners represents funds contributed to the Partnerships, from the Partnerships' limited partners.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION

The Authority is a separate non-profit corporation with a Board of Commissioners. 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 set forth in *Section 2100 and 2600 of the Codification of Governmental Accounting and Financial Reporting Standards, Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity, Statement No. 39: Determining Whether Certain Organizations are Component Units, and Statement No. 61: The Financial Reporting Entity: Omnibus*. 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) is a related not-for-profit Louisiana corporation, which was created as an instrumentality of the Authority for the purpose of developing low, and low-moderate income housing opportunities within the East Baton Rouge Parish community. The Corporation has entered into a management agreement with the Authority, for the Authority to provide administrative and management services to the Corporation. Because Partners for Progress, Inc. maintains a substantively different governing board than the Authority, and the benefits derived from the services the Corporation provides extend beyond the Authority, the Corporation is considered to be a discrete component unit. The activity from the Corporation is reported separately in the financial statements and accompanying schedules in the Partner for Progress, Incorporated column. The organization's fiscal year end is September 30. A copy of the financial statements of Partners for Progress, Inc. for the year ended September 30, 2017 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

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

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

**Cedar Pointe Development, LLC** was created to function as an instrumentality of the Corporation to facilitate low income housing development. Partners for Progress, Incorporated is the sole member of Cedar Pointe Development, LLC. Cedar Pointe Development, LLC is the managing general partner of **Cedar Pointe Subdivision Limited Partnership** (a discrete component unit of the Authority), a Louisiana Partnership in Commendam. Cedar Pointe Development, LLC holds .01% interest in Cedar Pointe Subdivision Limited Partnership. Cedar Pointe Development, LLC will receive .01% of income, 5% of the distribution of cash flow, and 5% from the sale or refinancing of partnership assets. Due to the Authority's interest and participation in the partnership (through Cedar Pointe, LLC), Authority management considers the partnership to be a discreet component unit.

**Wesley Chapel Development, LLC** was created to function as an instrumentality of the Corporation to facilitate the rehabilitation of an eighty-two unit apartment complex for low to moderate income families known as Wesley Chapel Apartments. Partners for Progress, Incorporated is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the managing general partner of **Wesley Chapel Development, LP**. Due to the Authority's interest and participation in the partnership (through Wesley Chapel Development, LLC), Authority management considers the partnership to be a discreet component unit.

**Hospital Plaza I, LLC** was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low income families known as Willow Creek Townhomes. Partners for Progress, Incorporated is the sole member of Hospital Plaza I, LLC. Hospital Plaza I, LLC is the managing general partner of **EBRPHA Development 1, LP**. Due to the Authority's interest and participation in the partnership (through Hospital Plaza I, LLC), Authority management considers the partnership to be a discreet component unit.

**Colonial Courts I, LLC** was created to function as an instrumentality of the Corporation to facilitate the development of a townhouse community for low income families known as Autumn Place Townhomes. Partners for Progress, Incorporated is the sole member of Colonial Courts I, LLC. Colonial Courts I, LLC is the managing general partner of **EBRPHA Development 2, LP**. Due to the Authority's interest and participation in the partnership (through Colonial Courts I, LLC), Authority management considers the partnership to be a discreet component unit.

**Roosevelt Terrace, LLC** was created to function as an instrumentality of the Corporation to facilitate the rehabilitation and development of an apartment complex for low income families known as Roosevelt Terrace Apartments. Partners for Progress, Incorporated is the sole member of Roosevelt Terrace, LLC. Roosevelt Terrace, LLC is the managing general partner of **EBRPHA Development 4, LP**. Due to the Authority's interest and participation in the partnership (through Roosevelt Terrace, LLC), Authority management considers the partnership to be a discreet component unit.

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

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

Brookstown Place Partnership; Cedar Pointe Subdivision Limited Partnership; Wesley Chapel Development, LP; EBRPHA Development 1, LP; EBRPHA Development 2, LP; and EBRPHA Development 4, LP are considered by the Authority to be discrete component units. These component units have December 31 year ends. Financial activity for these discrete component units, for the year ended December 31, 2016, is reported separately in the financial statements and accompanying schedules in the 'Partnerships' column. Condensed financial statements for each of these discrete component units can be found in Note S. A copy of the financial statements of each of these discrete component units for the year ended December 31, 2016 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

There are no other Component Units.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE C - CASH DEPOSITS

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

*Interest Rate Risk* – The Housing 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 housing authorities to invest excess funds in obligations of the U.S., certificates of deposit or any other federally insured investments.

The Housing Authority’s cash and cash equivalents consist of cash held in interest and non-interest-bearing checking accounts and investment sweep accounts with varying interest rates up to .1%, totaling \$13,852,679. Deposits with financial institutions are secured as follows:

	<b>Reconciled General <u>Ledger Balance</u></b>	<b>Deposits in <u>Bank</u></b>
Insured by FDIC	\$ 250,000	\$ 250,000
Invested in U.S Treasury obligations	199,094	199,094
Collateralized with specific securities in the Authority name which are held by the financial institution	<u>13,403,585</u>	<u>13,786,593</u>
	<b><u>\$ 13,852,679</u></b>	<b><u>\$ 14,235,687</u></b>

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 a \$171,131. As of September 30, 2017, the Corporation’s bank balances were fully secured by the Federal Deposit Insurance Corporation (FDIC).

**Partnerships**

As of December 31, 2016, 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, 2016, the Partnerships had \$740,988 of deposits in excess of federally insured limits. Wesley Chapel Development, LP had uninsured deposits of \$263,558. EBRPHA Development 1, LP had uninsured deposits of \$239,320. And EBRPHA Development 2, LP had uninsured deposits of \$238,110.

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of September 30, 2017 as follows:

<u>Type Commitment</u>	
Modernizations and Renovations	\$867,100

### NOTE E – SIGNIFICANT ESTIMATES

These financial statements are prepared in accordance with generally accepted accounting principles. 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 F – DEFERRED COMPENSATION PLAN AND OTHER POST EMPLOYMENT BENEFITS

The Authority provides deferred compensation benefits for all of its full-time employees through the State of Louisiana Public Employees Deferred Compensation Plan, a defined contribution plan. The plan is administered by *Great West Retirement Services*. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after twelve months of continuous service. The Authority contributes approximately 10.5% of the employee's eligible compensation, while the employees are not required to contribute to the plan. During fiscal year 2017, the Authority made the required contributions in the amount of \$227,820 and the employees contributed \$47,554. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately, upon participation in the plan.

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

### NOTE G – RISK MANAGEMENT

The Housing 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 Housing Authority carries commercial insurance for all risks of loss, including workman's compensation and employee health and accident insurance. The Housing Authority has not had any significant reductions in insurance coverage or any claims not reimbursed.

During 2016, Brookstown Place Partnership received \$1,788,739 and Cedar Pointe Subdivision, LP received \$4,069,411 as a result of flood damage incurred. Repair costs expended as of December 31, 2016 amounted to \$636,151 and \$966,866, respectively. Brookstown Place Partnership also received an additional \$75,000 during 2016 as partial compensation for rent revenues lost.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE H – 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, 2017, is reported as a liability allocated between current and non-current.

NOTE I – CONCENTRATION OF RISK

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

NOTE J – INTER-PROGRAM ACTIVITY

The Housing Authority manages several programs. Many charges, i.e., payroll, benefits, insurance, etc. are paid by the Housing Authority's various funds and are subsequently reimbursed. Balances due for such charges are reflected in the Inter-program Due to/Due from account balances. Inter-program balances at September 30, 2017 consisted of the following:

Central Office Cost Center	\$ 907,627
HOPE VI	<u>(907,627)</u>
	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE K – ACCOUNTS RECEIVABLE - OTHER

As of September 30, 2017, the Authority was due the following balances:

Due from Partners for Progress, Inc.	\$ 82,361
Due from EBRPHA Development 1, LP	13,056
Due from other housing authorities for Housing Choice Voucher participants ported-in	2,971
Other miscellaneous receivables	<u>14,425</u>
<b>Current Receivables</b>	<b><u>\$ 112,813</u></b>
Due from Wesley Chapel Development, LP	<u>\$ 104,553</u>
<b>Non-current Receivables</b>	<b><u>\$ 104,553</u></b>

Amounts due from Kenner Housing Authority consist of management fee and personnel cost reimbursements. Funds due from Partners-for-Progress, Inc. and the Partnerships consist of operating advances.

**Partners for Progress, Incorporated**

As of September 30, 2017, the Corporation was due the following balances:

Sales proceeds due from Copper Oaks Partners, LLC (COP, LLC)	\$ 481,770
Construction advances due from COP, LLC	279,855
Insurance Proceeds	31,650
Over-payment due from a Vendor	<u>20,450</u>
<b>Accounts Receivable - Other</b>	<b><u>\$ 813,725</u></b>

Amounts due from COP, LLC consist of land and infrastructure lot sales from Partners for Progress, Inc. to COP, LLC of \$481,770 and advances to COP, LLC to fund vertical construction costs on two of the lots previously sold to COP, LLC of \$279,855.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE

In March of 2000, the Authority issued a note payable of \$567,000 for the remodeling of a commercial office building. The debt was refinanced in October of 2007 and again in December of 2012. The refinanced promissory note incurred interest at a rate of 3.5% and was payable in monthly installments of \$4,004, with a final balloon payment due in December of 2017. The amount of interest charged to expense during the year was \$5,990. The principal balance at September 30, 2017 was \$148,174. The note was secured by the rents and leases on the building. The balance was paid in full in December of 2017.

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 \$202,002. The outstanding balance as of September 30, 2017 was \$2,745,539. Future projected payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2018	\$ 195,348	\$ 189,801	\$ 2,550,191
2019	191,771	175,751	2,358,420
2020	181,653	162,800	2,176,767
2021	194,979	149,475	1,981,788
2022	209,282	135,172	1,772,506
2023 - 2027	1,300,491	421,776	472,015
2028 - 2029	472,015	27,931	-
	<u>\$ 2,745,539</u>	<u>\$ 1,262,706</u>	<u>\$ -</u>

Long-term liability activity for the year ended September 30, 2017, applicable to the Authority, was as follows:

	<u>October 1, 2016 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>September 30, 2017 Balance</u>	<u>Due Within One Year</u>
Mortgage Payable	\$ 190,159	\$ -	\$ 41,985	\$ 148,174	\$ 148,174
Non-capital Debt	2,927,535	-	181,996	2,745,539	195,348
Accrued Compensated Absences	282,995	110,385	140,280	253,100	80,558
Less: Current portion	<u>(320,274)</u>			<u>(424,080)</u>	
Long Term Liabilities	<u>\$ 3,080,415</u>			<u>\$ 2,722,733</u>	<u>\$ 424,080</u>

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE L – NOTES PAYABLE – CONTINUED

#### **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 forty, 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 eleven of the homes must be sold to low-moderate income families who satisfy the HOME Investment Partnership Act federal criteria. As of September 30, 2017, a cumulative total of thirty-three of the parcels were sold to Copper Oaks Partners, LLC (COP, LLC) for construction and sale to future home owners, twenty-one of which have been sold to final home owners (leaving COP, LLC with a balance of twelve unsold properties and the Corporation with a balance of seven properties which have not been sold to COP, LLC as of September 30, 2017). 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 \$677,959.

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, 2017 was \$182,125.

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 non-interest 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 2017 was \$500,000.

During fiscal year 2014, the Corporation issued an Affordable Housing Program promissory note to Capital One National Association in the amount of \$480,200 to fund a loan the Corporation subsequently made to EBRPHA Development 4, LP, to partially finance the rehabilitation of the Roosevelt Terrace Apartment complex. The note is mortgaged with an assigned security interest in the Roosevelt Terrace Apartments property, matures in September of 2029 and will not bear interest as long as the Affordable Housing Program loan criteria are satisfied. The outstanding principal balance on the loan as of fiscal year-end 2017 was \$480,200.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

**Partners for Progress, Incorporated - Continued**

Long-term liability activity for the year ended September 30, 2017, applicable to the Corporation, was as follows:

	<u>October 1, 2016 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>September 30, 2017 Balance</u>	<u>Due Within One Year</u>
Land Acquisition					
Note Payable	\$ 214,625	\$ -	\$ 32,500	\$ 182,125	\$ 182,125
HOME Investment Loan	1,046,709	-	368,750	677,959	677,959
Note Payable due to the East Baton Rouge RDA	500,000	-	-	500,000	-
AHP Loan due to Capital One, National Association	480,200	-	-	480,200	-
Less: Current portion	<u>(657,125)</u>			<u>(860,084)</u>	
Long Term Liabilities	<u>\$ 1,584,409</u>			<u>\$ 980,200</u>	<u>\$ 860,084</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 \$953,468 at December 31, 2016. The amount of interest charged to expense during the year was \$67,274. The non-recourse 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 \$2,508,128 at December 31, 2016. The amount of interest charged to expense during the year was \$182,818. The non-recourse note is secured by buildings and land.

In July of 2014, Wesley Chapel Development Limited Partnership obtained permanent financing from Home Federal Bank in the amount of \$1,700,000. The loan bears interest at 6.84% with monthly principal and interest payments of \$11,265. The loan has a term of sixteen years with a thirty-year amortization period and a balloon payment due on the maturity date of August 1, 2030. The non-recourse loan is collateralized by a first mortgage on the Partnership's land and buildings. As of December 31, 2016, the principal balance of the loan was \$1,660,935 and interest charged to expense during the year was \$116,117.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

**Partnerships - Continued**

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 sixteen years with a thirty-year amortization period. The non-recourse loan is collateralized by a first mortgage on the Partnership's land and improvements. As of December 31, 2016, the principal balance of the loan was \$1,243,493 and interest charged to expense during the year was \$84,331.

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 sixteen years with a thirty-year amortization period. The non-recourse loan is collateralized by a first mortgage on the Partnership's land and improvements. As of December 31, 2016, the principal balance of the loan was \$1,184,647 and interest charged to expense during the year was \$80,435.

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

	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2017	\$ 90,784	\$ 520,776	\$ 7,459,887
2018	97,220	514,300	7,362,667
2019	104,160	507,360	7,258,507
2020	111,596	499,924	7,146,911
2021	119,562	491,958	7,027,349
2022 - 2026	738,713	2,318,887	6,288,636
2027 - 2030	6,288,636	877,297	-
	<u>\$ 7,550,671</u>	<u>\$ 5,730,502</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

**Partnerships - Continued**

The Partnerships have incurred the following other capital debts, as of December 31, 2016:

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

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

**Partnerships - Continued**

Interest charged to expense on other capital debt during 2016 was \$107,795, \$72,641 of which was incurred on debts owed to the Authority (EBRPHA) and \$1,154 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 non-recourse 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.

See Note M for a description of the accounting treatment employed by the Authority and the Corporation for the developer fees owed from the Partnerships.

Long-term liability activity for the year ended December 31, 2016, applicable to the Partnerships, was as follows:

	<u>January 1, 2016 Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>December 31, 2016 Balance</u>	<u>Due Within One Year</u>
Permanent Mortgages Payable	\$ 7,630,548	\$ -	\$ 79,877	\$ 7,550,671	\$ 90,784
Construction Loan Payable	1,051,353	-	1,051,353	-	-
Other Capital Debt	3,400,000	-	-	3,400,000	-
Other Capital Debt due to The HA of EBRP	3,409,570	-	-	3,409,570	-
Other Capital Debt due to Partners for Progress, Inc.	980,200	-	-	980,200	-
Deferred Developer Fees Payable	773,138	-	368,303	404,835	-
Deferred Developer Fees Payable to The HA of EBRP	131,840	-	48,747	83,093	-
Deferred Developer Fees Payable to Partners for Progress, Inc.	136,300	-	16,248	120,052	-
Interest Payable	185,864	564,975	544,952	205,887	57,637
Interest Payable due to The HA of EBRP	258,007	72,641	-	330,648	306,338
Interest Payable due to Partners for Progress, Inc.	1,295	1,154	-	2,449	-
Operating Advance due to The HA of EBRP	104,553	-	-	104,553	-
Asset Management Fees Payable	22,171	38,774	39,769	21,176	-
Less: Current portion	<u>(1,450,780)</u>			<u>(454,759)</u>	
Long Term Liabilities	<u>\$ 16,634,059</u>			<u>\$ 16,158,375</u>	<u>\$ 454,759</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L – NOTES PAYABLE – CONTINUED

**Partnerships - Continued**

A summary of each Partnerships' Capital Debt and Other Non-current liability balances as of December 31, 2016 is as follows:

	<u>Capital Debt</u>	<u>Developer Fees Payable</u>	<u>Other Non-current Liabilities</u>	<u>Less Current Portion</u>	<u>Total</u>
Brookstown Place	\$ 953,468	\$ 274,943	\$ 23,946	\$ (13,647)	\$ 1,238,710
Cedar Pointe	2,508,128	-	17,740	(42,233)	2,483,635
Wesley Chapel Dev.	3,160,935	71,282	262,271	(31,870)	3,462,618
EBRPHA Dev. 1, LP	3,978,063	54,868	169,993	(186,899)	4,016,025
EBRPHA Dev. 2, LP	3,859,647	60,605	164,004	(180,110)	3,904,146
EBRPHA Dev. 4, LP	880,200	146,282	26,759	-	1,053,241
	<u>\$ 15,340,441</u>	<u>\$ 607,980</u>	<u>\$ 664,713</u>	<u>\$ (454,759)</u>	<u>\$ 16,158,375</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE M – RELATED PARTY TRANSACTIONS – NOTES AND DEVELOPER FEES RECEIVABLE

**Between the Authority and the Partnerships**

As of September 30, 2017, the Authority had the following outstanding notes, developer fees and interest receivable balances due from the Partnerships:

Due from EBRPHA Development 1, LP		
Note dated January 2012, matures February 2052	\$	1,325,570
Accrued Interest, 2.7% compounded annually on principal		155,354
Allowance against Accrued Interest		(155,354)
Note (second) dated January 2012, matures February 2052		209,000
Accrued Interest, 2.7% compounded annually on principal		23,687
Allowance against Accrued Interest		(23,687)
Deferred Developer Fees Receivable		36,213
Allowance against Deferred Developer Fees		(36,213)
		<u>1,534,570</u>
Due from EBRPHA Development 2, LP		
Note dated January 2012, matures February 2052	\$	1,266,000
Accrued Interest, 2.7% compounded annually on principal		148,778
Allowance against Accrued Interest		(148,778)
Note (second) dated January 2012, matures February 2052		209,000
Accrued Interest, 2.7% compounded annually on principal		23,687
Allowance against Accrued Interest		(23,687)
Deferred Developer Fees Receivable		30,424
Allowance against Deferred Developer Fees		(30,424)
		<u>1,475,000</u>
Due from EBRPHA Development 4, LP		
Note dated September 2014, matures September 2034	\$	400,000
Accrued Interest, 2.94% compounded annually on principal		33,009
Allowance against Accrued Interest		(33,009)
Deferred Developer Fees Receivable		16,456
Allowance against Deferred Developer Fees		(16,456)
		<u>400,000</u>
<b>Notes, Developer Fees and Interest Receivable, Long Term</b>		<b><u>\$ 3,409,570</u></b>

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, 2017, 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.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE M – RELATED PARTY TRANSACTIONS – NOTES AND DEVELOPER FEES - CONTINUED

#### **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, 2017, the Corporation's estimated share of the outstanding balances of the developer fee receivables due from the applicable partnerships amounted to \$120,052. Due to uncertainties regarding collectability, Corporation management has elected to reserve the entire amount of the receivables, and to recognize income as funds are received.

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, 2017.

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 non-recourse 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, 2017.

### NOTE N – OTHER RELATED PARTY TRANSACTIONS

#### Authority Operating Advances to Partners for Progress, Incorporated

During fiscal year 2017 the Authority advanced the Corporation operating advances in the amount of \$21,565. As of September 30, 2017, the Corporation owed the Authority \$82,361 consisting of operating advances.

#### Mixed Finance Program Expense (Joint Venture with River South Development, LP)

In August of 2017, the Authority executed a Loan Agreement with River South Development, LP in which the Authority loaned the Limited Partnership \$794,000 to partially assist with construction costs of a moderate-income apartment complex. The loan is non-recourse and is secured by a subordinate mortgage on the property. The loan matures in August of 2052. Due to uncertainties regarding collectability of the Loan, Authority management has elected to expense the fiscal year advance under its 'Mixed Finance Program Expense' account in the Statement of Revenues, Expenses and Changes in Net Position.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE O – RECEIVABLE/PAYABLE VARIANCES DUE TO DIFFERENT FISCAL YEAR-ENDS

The following schedule reconciles the Authority's applicable receivable balances due from the Partnerships as of December 31, 2016 (the Partnerships' year-end), to the receivable balances reported as of September 30, 2017 in the Authority's financial statements:

	Brookstown Place Partnership	Cedar Pointe Subdivision Limited Partnership	Wesley Chapel Dev., LP	EBRPHA 1 Dev., LP	EBRPHA 2 Dev., LP	EBRPHA 4 Dev., LP	Total Partnership Component Units
Accounts Receivable							
As of 12/31/2016	\$ -	\$ -	\$ 104,553	\$ 13,056	\$ -	\$ -	\$ 117,609
Disbursements	-	-	-	-	-	-	-
Receipts	-	-	-	-	-	-	-
As of 9/30/2017	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,553</u>	<u>\$ 13,056</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,609</u>

Notes, Interest and Deferred Developer Fees Receivable, before allowances

As of 12/31/2016	\$ -	\$ -	\$ -	\$ 1,726,781	\$ 1,655,764	\$ 440,766	\$ 3,823,311
Disbursements	-	-	-	-	-	-	-
Fees/Interest Earned	-	-	-	23,043	22,125	8,699	53,867
Receipts	-	-	-	-	-	-	-
As of 9/30/2017	-	-	-	1,749,824	1,677,889	449,465	3,877,178
Allowance as of 9/30/2017	-	-	-	(215,254)	(202,889)	(49,465)	(467,608)
As of 9/30/2017, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,534,570</u>	<u>\$ 1,475,000</u>	<u>\$ 400,000</u>	<u>\$ 3,409,570</u>

**Partners for Progress, Incorporated**

The following schedule reconciles the Corporation's applicable receivable balances due from the Partnerships as of December 31, 2016 (the Partnerships' year-end), to the receivable balances reported as of September 30, 2017 in the Corporation's financial statements:

	Brookstown Place Partnership	Cedar Pointe Subdivision Limited Partnership	Wesley Chapel Dev., LP	EBRPHA 1 Dev., LP	EBRPHA 2 Dev., LP	EBRPHA 4 Dev., LP	Total Partnership Component Units
Notes, Interest and Deferred Developer Fees Receivable, before allowances							
As of 12/31/2016	\$ 68,736	\$ -	\$ 523,523	\$ 12,126	\$ 10,181	\$ 488,135	\$ 1,102,701
Disbursements	-	-	-	-	-	-	-
Fees/Interest Earned Received	-	-	-	-	-	900	900
As of 9/30/2017	68,736	-	523,523	12,126	10,181	489,035	1,103,601
Allowance as of 9/30/2017	(68,736)	-	(23,523)	(12,126)	(10,181)	(8,835)	(123,401)
As of 9/30/2017, Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,200</u>	<u>\$ 980,200</u>

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE P – CAPITAL ASSETS

A summary of the Housing Authority's Capital Asset balances and activity, as of and for the year ended September 30, 2017 is as follows:

	<u>PUBLIC HOUSING</u>	<u>HOPE VI</u>	<u>ROSS</u>	<u>HOUSING CHOICE VOUCHER</u>
Land	\$ 2,979,470	\$ 2,207,295	\$ -	\$ -
Building and Improvements	40,339,898	1,295,148	-	390,646
Furniture and Equipment	262,119	19,197	10,447	176,313
Construction in Process	1,530,071	-	-	-
Less Accumulated Depreciation	<u>(28,062,009)</u>	<u>(628,841)</u>	<u>(10,447)</u>	<u>(543,876)</u>
Total Capital Assets	<u>\$ 17,049,549</u>	<u>\$ 2,892,799</u>	<u>\$ -</u>	<u>\$ 23,083</u>
	<u>DISASTER VOUCHER</u>	<u>COCC</u>		<u>TOTAL</u>
Land	\$ -	\$ 597,905		\$ 5,784,670
Building and Improvements	-	1,896,808		43,922,500
Furniture and Equipment	12,366	197,027		677,469
Construction in Process	-	381,027		1,911,098
Less Accumulated Depreciation	<u>(12,366)</u>	<u>(1,339,876)</u>		<u>(30,597,415)</u>
Total Capital Assets	<u>\$ -</u>	<u>\$ 1,732,891</u>		<u>\$ 21,698,322</u>

	<u>October 1, 2016 Balance</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	<u>September 30, 2017 Balance</u>
Land	\$ 5,321,281	\$ 463,389	\$ -	\$ 5,784,670
Construction in Process	<u>1,955,420</u>	<u>1,308,101</u>	<u>(1,352,423)</u>	<u>1,911,098</u>
Total Assets not being Depreciated	7,276,701	1,771,490	(1,352,423)	7,695,768
Buildings and Improvements	42,227,395	406,038	1,289,067	43,922,500
Furniture and Equipment	<u>614,113</u>	<u>-</u>	<u>63,356</u>	<u>677,469</u>
Total Capital Assets	50,118,209	2,177,528	-	52,295,737
Less Accumulated Depreciation				
Buildings and Improvements	(28,389,464)	(1,657,051)	-	(30,046,515)
Furniture and Equipment	<u>(516,487)</u>	<u>(34,413)</u>	<u>-</u>	<u>(550,900)</u>
Net Book Value	<u>\$ 21,212,258</u>	<u>\$ 486,064</u>	<u>\$ -</u>	<u>\$ 21,698,322</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – CAPITAL ASSETS - CONTINUED

**Partners for Progress, Incorporated**

A summary of the Corporation's Capital Asset balances and activity, as of and for the year ended September 30, 2017 is as follows:

	October 1, 2016 <u>Balance</u>	<u>Additions</u>	Transfers & <u>Deletions</u>	September 30, 2017 <u>Balance</u>
Land	\$ 113,625	\$ -	\$ (113,625)	\$ -
Construction in Process	<u>387,599</u>	<u>-</u>	<u>(387,599)</u>	<u>-</u>
Total Assets not being Depreciated	501,224	-	(501,224)	-
Furniture and Equipment	<u>15,418</u>	<u>-</u>	<u>-</u>	<u>15,418</u>
Total Capital Assets	516,642	-	(501,224)	15,418
Less Accumulated Depreciation Furniture and Equipment	<u>(7,709)</u>	<u>(1,542)</u>	<u>-</u>	<u>(9,251)</u>
Net Book Value	<u>\$ 508,933</u>	<u>\$ (1,542)</u>	<u>\$ (501,224)</u>	<u>\$ 6,167</u>

During the fiscal year, the Corporation sold one parcel out of capital assets and transferred eight parcels to Assets Held for Sale (a current asset account) for anticipated sale to COP, LLC during fiscal year 2018. The total cost of the parcel sold and the parcels transferred was \$501,224.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE P – CAPITAL ASSETS - CONTINUED

**Partnerships**

A summary of the Partnerships' Capital Asset activity, for the year ended December 31, 2016 is as follows:

	January 1, 2016 <u>Balance</u>	<u>Additions</u>	Transfers & <u>Deletions</u>	December 31, 2016 <u>Balance</u>
Land	\$ 803,683	\$ -	\$ -	\$ 803,683
Total Assets not being Depreciated	803,683	-	-	803,683
Buildings and Improvements	49,479,912	-	-	49,479,912
Furniture and Equipment	<u>3,220,889</u>	<u>-</u>	<u>-</u>	<u>3,220,889</u>
Total Capital Assets	53,504,484	-	-	53,504,484
Less Accumulated Depreciation	<u>(7,068,255)</u>	<u>(1,683,898)</u>	<u>-</u>	<u>(8,752,153)</u>
Net Book Value	<u>\$ 46,436,229</u>	<u>\$ (1,683,898)</u>	<u>\$ -</u>	<u>\$ 44,752,331</u>

A summary of each Partnerships' Capital Asset balances as of December 31, 2016 is as follows:

	<u>Land</u>	Buildings and <u>Improvements</u>	<u>Furniture and Equipment</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Brookstown Place	\$ 55,460	\$ 4,664,592	\$ 139,464	\$ (1,218,539)	\$ 3,640,977
Cedar Pointe	575,223	12,600,782	595,659	(3,176,063)	10,595,601
Wesley Chapel Dev.	90,000	9,385,729	660,184	(1,414,399)	8,721,514
EBRPHA Dev. 1, LP	-	8,681,083	738,421	(1,344,370)	8,075,134
EBRPHA Dev. 2, LP	-	8,640,148	732,421	(1,323,956)	8,048,613
EBRPHA Dev. 4, LP	83,000	5,507,578	354,740	(274,826)	5,670,492
	<u>\$ 803,683</u>	<u>\$ 49,479,912</u>	<u>\$ 3,220,889</u>	<u>\$ (8,752,153)</u>	<u>\$ 44,752,331</u>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE Q – RESTRICTED CASH AND NET POSITION

The Housing Authority's restricted cash consisted of the following as of September 30, 2017:

Cash held for Modernizations and Improvements	\$	560,302
Cash held for Debt Service		<u>199,094</u>
<b>Total Restricted Assets</b>	<b>\$</b>	<b><u>759,396</u></b>

There was no off-setting liability reported for the restricted debt service reserves, therefore \$199,094 of net position is reported as restricted in the Statement of Net Position.

### Partnerships

The Partnerships' restricted cash and net position consisted of the following as of December 31, 2016:

Cash held for repairs and replacements	\$	689,809
Insurance proceeds restricted for repairs		4,255,133
Debt service and guarantor reserves		503,379
Cash held for operating deficits		920,863
Cash held for real estate taxes and insurance		<u>233,530</u>
<b>Total Restricted Assets</b>	<b>\$</b>	<b><u>6,602,714</u></b>

### NOTE R – COMMITMENTS AND CONTINGENCIES

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

#### Partners for Progress, Incorporated

The Corporation is the sole member of Wesley Chapel Development, LLC. Wesley Chapel Development, LLC is the general partner of Wesley Chapel Development, LP. In September 2011, Wesley Chapel Development, LP obtained a loan from the Louisiana Housing Finance Agency (LHFA) for \$1,000,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. The loan matures in March of 2041. As of December 31, 2016, 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, 2017, upon issuance of the Partnership's 2017 financial statements. The Corporation has guaranteed payment of the notes to Home Federal Bank and LHFA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

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

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE R – 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 EBRRA) for an amount up to \$500,000. The note is secured with a mortgage on the leasehold interest in the property and improvements, and an assignment of rents. As of December 31, 2017, the principal balance owed on the loan was \$500,000. The Corporation has guaranteed payment of the loan to The EBRRA. In the event that the partnership defaults, the loans could become a liability of the Corporation.

NOTE S – CONDENSED FINANCIAL STATEMENTS

**Partnerships**

**Discreet Component Units – Condensed Statement of Net Position**

	Brookstown Place Partnership 12/31/2016	Cedar Pointe Subdivision Limited Partnership 12/31/2016	Wesley Chapel Dev., LP 12/31/2016	EBRPHA Dev. 1, LP 12/31/2016	EBRPHA Dev. 2, LP 12/31/2016	EBRPHA Dev. 4, LP 12/31/2016	Total Partnerships 12/31/2016
<b>Assets</b>							
Current, restricted and other assets	\$ 1,342,176	\$ 3,728,145	\$ 622,458	\$ 669,989	\$ 695,752	\$ 342,092	\$ 7,400,612
Other assets due from EBRPHA	-	-	-	-	-	3,859	3,859
Capital assets	3,640,977	10,595,601	8,721,514	8,075,134	8,048,613	5,670,492	44,752,331
<b>Total assets</b>	<b>4,983,153</b>	<b>14,323,746</b>	<b>9,343,972</b>	<b>8,745,123</b>	<b>8,744,365</b>	<b>6,016,443</b>	<b>52,156,802</b>
<b>Liabilities</b>							
Current liabilities	1,260,965	3,277,855	72,799	86,034	93,069	35,614	4,826,336
Current liabilities due to EBRPHA	-	-	-	169,054	150,340	-	319,394
Non-current liabilities	1,169,974	2,483,635	2,834,542	2,433,116	2,388,541	124,340	11,434,148
Non-current liabilities due to EBRPHA	-	-	104,553	1,570,783	1,505,424	440,766	3,621,526
Non-current liabilities due to P-for-P, Inc.	68,736	-	523,523	12,126	10,181	488,135	1,102,701
<b>Total liabilities</b>	<b>2,499,675</b>	<b>5,761,490</b>	<b>3,535,417</b>	<b>4,271,113</b>	<b>4,147,555</b>	<b>1,088,855</b>	<b>21,304,105</b>
<b>Net position</b>							
Net investment in capital assets	2,412,566	8,087,473	5,489,297	4,042,203	4,128,361	4,644,010	28,803,910
Restricted net position	163,440	481,164	534,559	488,730	487,361	192,327	2,347,581
Unrestricted net position	(92,528)	(6,381)	(215,301)	(56,923)	(18,912)	91,251	(298,794)
<b>Total net position</b>	<b>\$ 2,483,478</b>	<b>\$ 8,562,256</b>	<b>\$ 5,808,555</b>	<b>\$ 4,474,010</b>	<b>\$ 4,596,810</b>	<b>\$ 4,927,588</b>	<b>\$ 30,852,697</b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5 – CONDENSED FINANCIAL STATEMENTS - CONTINUED

**Partnerships – Continued**

**Discreet Component Units – Condensed Statement of Revenues, Expenses and Changes in Net Position**

	Brookstown Place Partnership 12/31/2016	Cedar Pointe Subdivision Limited Partnership 12/31/2016	Wesley Chapel Dev., LP 12/31/2016	EBRPHA Dev. 1, LP 12/31/2016	EBRPHA Dev. 2, LP 12/31/2016	EBRPHA Dev. 4, LP 12/31/2016	Total Partnerships 12/31/2016
<b>Revenues</b>							
Tenant revenue	\$ 149,303	\$ 509,771	\$ 591,649	\$ 112,894	\$ 92,079	\$ 50,545	\$ 1,506,241
Other operating revenue	75,000	-	-	-	-	-	75,000
Other operating revenue from EBRPHA	-	-	-	257,143	290,006	213,722	760,871
Investment income	22	357	1,391	1,068	1,069	238	4,145
<b>Total revenues</b>	<b>224,325</b>	<b>510,128</b>	<b>593,040</b>	<b>371,105</b>	<b>383,154</b>	<b>264,505</b>	<b>2,346,257</b>
<b>Expenses</b>							
Operating expenses	165,226	390,403	400,829	228,757	244,427	199,358	1,629,000
Non-operating expenses	67,274	182,818	146,617	86,081	82,185	-	564,975
Interest expense to EBRPHA	-	-	-	30,591	29,500	12,550	72,641
Interest expense to P-for-P, Inc.	-	-	-	-	-	1,154	1,154
Depreciation and amortization	137,581	406,961	319,020	334,199	328,839	185,401	1,712,001
<b>Total expenses</b>	<b>370,081</b>	<b>980,182</b>	<b>866,466</b>	<b>679,628</b>	<b>684,951</b>	<b>398,463</b>	<b>3,979,771</b>
Increase (decrease) in net position before contributions	(145,756)	(470,054)	(273,426)	(308,523)	(301,797)	(133,958)	(1,633,514)
Beginning net position	2,629,234	9,032,310	6,081,981	4,782,533	4,898,607	3,441,708	30,866,373
Contributions	-	-	-	-	-	1,619,838	1,619,838
<b>Ending net position</b>	<b>\$ 2,483,478</b>	<b>\$ 8,562,256</b>	<b>\$ 5,808,555</b>	<b>\$ 4,474,010</b>	<b>\$ 4,596,810</b>	<b>\$ 4,927,588</b>	<b>\$ 30,852,697</b>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE 5 – CONDENSED FINANCIAL STATEMENTS - CONTINUED

**Partnerships – Continued**

**Discreet Component Units – Condensed Statement of Cash Flows**

	Brookstown Place Partnership 12/31/2016	Cedar Pointe Subdivision Limited Partnership 12/31/2016	Wesley Chapel Dev., LP 12/31/2016	EBRPHA Dev. 1, LP 12/31/2016	EBRPHA Dev. 2, LP 12/31/2016	EBRPHA Dev. 4, LP 12/31/2016	Total Partnerships 12/31/2016
Cash flows from/(used by) operating activities							
From EBRPHA	\$ -	\$ -	\$ -	\$ 257,143	\$ 290,006	\$ 213,722	\$ 760,871
Insurance proceeds (rent assistance)	75,000	-	-	-	-	-	75,000
Other operating activities	(18,912)	76,392	189,918	(104,357)	(133,969)	(125,495)	(116,423)
From all operating activities	56,088	76,392	189,918	152,786	156,037	88,227	719,448
Cash flows from/(used by) capital and related financing activities							
Developer fees paid to P-for-P, Inc.	-	-	-	-	-	(21,734)	(21,734)
Developer fees paid to EBRPHA	-	-	-	-	-	(65,203)	(65,203)
Insurance proceeds received	1,788,739	4,069,411	-	-	-	-	5,858,150
Insurance proceeds paid to contractors	(542,902)	(865,894)	-	-	-	-	(1,408,796)
Contributions from partners	-	-	-	-	-	1,619,838	1,619,838
Other capital and related financing activities	(74,833)	(205,506)	(135,182)	(100,325)	(95,576)	(1,419,621)	(2,031,043)
From/(used by) all capital and related financing activities	1,171,004	2,998,011	(135,182)	(100,325)	(95,576)	113,280	3,951,212
Cash flows from all investing activities	22	357	1,391	1,068	1,069	238	4,145
Net increase in cash and equivalents	1,227,114	3,074,760	56,127	53,529	61,530	201,745	4,674,805
Beginning current and restricted cash	100,182	602,060	500,181	576,027	595,956	98,519	2,472,925
Ending current and restricted cash	<u>\$ 1,327,296</u>	<u>\$ 3,676,820</u>	<u>\$ 556,308</u>	<u>\$ 629,556</u>	<u>\$ 657,486</u>	<u>\$ 300,264</u>	<u>\$ 7,147,730</u>

## NOTES TO FINANCIAL STATEMENTS – CONTINUED

### NOTE T – OTHER NON-CURRENT ASSETS

#### **Partnerships**

Other Non-current assets consist of tax credit application fees of \$288,842, accumulated amortization of (\$124,247), utility deposits of \$4,784 and a receivable due from the Authority of \$3,859.

### NOTE U – DIFFERENT REPORTING STANDARDS

The Partnerships' 2016 individual financial statements were not presented in accordance with *Governmental Accounting Standards*. In accordance with Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03), the Partnerships report respective debt liabilities net of certain applicable amortized debt issuance costs. And the associated amortization expense is added to and included as a component of interest expense. Certain other loan closing costs have been reported as assets. In these 'Total Reporting Entity' 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 \$189,600, an increase of liabilities of \$186,886 and a decrease of net position of \$376,486.

### NOTE V – SUBSEQUENT EVENTS

In preparing the financial statements, management evaluated subsequent events through February 26, 2018, the date the financial statements were available to be issued.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2017

**EXPENDITURES**

Section 8 Moderate Rehabilitation Single Room Occupancy	
Total CFDA Number 14.249	\$ 74,403
Low Rent Public Housing	
Total CFDA Number 14.850a	2,846,867
Resident Opportunity and Supportive Services	
Total CFDA Number 14.870	20,742
Section 8 Housing Choice Vouchers	
Total CFDA Number 14.871	25,337,702
Public Housing Capital Fund Program	
Total CFDA Number 14.872	<u>1,638,868</u>
Total HUD Expenditures	<u>29,918,582</u>
<b>TOTAL FEDERAL EXPENDITURES</b>	<b><u><u>\$ 29,918,582</u></u></b>

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, 2017. 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.

NOTE 3 – INDIRECT COST RATE

The Authority has elected not to use the 10% *De Minimus Indirect Cost Rate* allowed under the Uniform Guidance.

PARTNERS FOR PROGRESS, INCORPORATED  
BATON ROUGE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2017

**EXPENDITURES**

Federal Emergency Management Agency (Passed through  
the Governor's Office of Homeland Security and  
Emergency Preparedness)

Total CFDA Number 97.036

\$ 90,000

Total FEMA Expenditures

90,000

**TOTAL FEDERAL EXPENDITURES**

**\$ 90,000**

NOTE 1 – BASIS OF PRESENTATION

The above Schedule of Expenditures of Federal Awards includes the federal award activity of the Corporation under programs of the federal government for the year ended September 30, 2017. 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 Corporation, it is not intended to and does not present the financial net position, changes in net position, or cash flows of the Corporation.

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.

NOTE 3 – INDIRECT COST RATE

The Corporation has elected not to use the 10% *De Minimis Indirect Cost Rate* allowed under the Uniform Guidance.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH  
STATEMENT AND CERTIFICATION OF PROGRAM  
COSTS - CAPITAL FUND PROGRAM  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<b>Public Housing Capital Fund Program LA48R00350211</b>	<b>Public Housing Capital Fund Program LA48R00350212</b>	<b>Public Housing Capital Fund Program LA48P00350114</b>
Funds Approved	\$ 99,538	\$ 82,010	\$ 1,080,498
Funds Expended	<u>99,538</u>	<u>82,010</u>	<u>1,080,498</u>
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Funds Advanced	\$ 99,538	\$ 82,010	\$ 1,080,498
Funds Expended	<u>99,538</u>	<u>82,010</u>	<u>1,080,498</u>
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
	<b>Public Housing Capital Fund Program LA48R00350115</b>	<b>Public Housing Capital Fund Program LA48R00350116</b>	
Funds Approved	\$ 290,714	\$ 304,913	
Funds Expended	<u>290,714</u>	<u>304,913</u>	
Excess of Funds Approved	<u>\$ -</u>	<u>\$ -</u>	
Funds Advanced	\$ 290,714	\$ 304,913	
Funds Expended	<u>290,714</u>	<u>304,913</u>	
Excess of Funds Advanced	<u>\$ -</u>	<u>\$ -</u>	

1. The distribution of costs as shown on the Actual Modernization Cost Certificates submitted to HUD for approval are in agreement with the Housing Authority's records.
2. All Modernization costs have been paid and all related liabilities have been discharged through payment.

Housing Authority of East Baton Rouge (LA003)  
 Baton Rouge, LA

Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing
111 Cash - Unrestricted	\$ 5,631,560	\$ 818,869	\$ 2,810,527	\$ 6,126	\$ 1,528,330	\$ 252,259	\$ -
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	759,396	-	-	-	-	-	-
114 Cash - Tenant Security Deposits	147,601	-	-	-	-	-	-
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
<b>100 Total Cash</b>	<b>\$ 6,538,557</b>	<b>\$ 818,869</b>	<b>\$ 2,810,527</b>	<b>\$ 6,126</b>	<b>\$ 1,528,330</b>	<b>\$ 252,259</b>	<b>\$ -</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	-	-	16,484	-	-
124 Accounts Receivable - Other Government	-	-	-	-	2,971	-	-
125 Accounts Receivable - Miscellaneous	45,500	-	-	-	-	-	-
126 Accounts Receivable - Tenants	17,088	-	-	-	31,041	-	-
126.1 Allowance for Doubtful Accounts - Tenants	(2,610)	-	-	-	(4,656)	-	-
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>\$ 59,978</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,840</b>	<b>\$ -</b>	<b>\$ -</b>
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	258,804	-	-	-	30,387	-	-
143 Inventories	-	-	-	-	-	-	-
143.1 Allowance for Obsolete Inventories	-	-	-	-	-	-	-
144 Inter Program Due From	-	-	-	-	-	-	-
145 Assets Held for Sale	-	-	-	-	-	-	-
<b>150 Total Current Assets</b>	<b>\$ 6,857,339</b>	<b>\$ 818,869</b>	<b>\$ 2,810,527</b>	<b>\$ 6,126</b>	<b>\$ 1,604,557</b>	<b>\$ 252,259</b>	<b>\$ -</b>
161 Land	2,979,470	-	-	-	-	-	2,207,295
162 Buildings	35,393,546	-	-	-	390,646	-	1,089,079
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	262,119	12,366	-	10,447	176,313	-	19,197

Housing Authority of East Baton Rouge (LA003)  
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Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

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165 Leasehold Improvements	4,946,353	-	-	-	-	-	206,069
166 Accumulated Depreciation	(26,062,009)	(12,366)	-	(10,447)	(543,876)	-	(628,841)
167 Construction in Progress	1,530,071	-	-	-	-	-	-
168 Infrastructure	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 17,049,549</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,083</b>	<b>\$ -</b>	<b>\$ 2,892,799</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	2,991,570	-	-	-	-	-	-
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	-	-	-	-	-	-	-
176 Investments in Joint Ventures	-	-	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	<b>\$ 20,041,119</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,083</b>	<b>\$ -</b>	<b>\$ 2,892,799</b>
<b>200 Deferred Outflow of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>\$ 26,898,458</b>	<b>\$ 818,869</b>	<b>\$ 2,810,527</b>	<b>\$ 6,126</b>	<b>\$ 1,627,640</b>	<b>\$ 252,259</b>	<b>\$ 2,892,799</b>
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	16,190	-	-	-	2,500	-	-
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	39,316	-	-	-	33,331	-	-
322 Accrued Compensated Absences - Current Portion	18,699	-	-	-	29,685	-	-
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	-	-	-	-	-	-
331 Accounts Payable - HUD PHA Programs	-	-	-	-	410,173	10,730	-
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	147,601	-	-	-	-	-	-
342 Unearned Revenue	560,356	-	-	6,126	-	-	-
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	-	16,282	-	-
346 Accrued Liabilities - Other	-	-	-	-	-	-	-

Housing Authority of East Baton Rouge (LA003)

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Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing
347 Inter Program - Due To	-	-	-	-	-	-	907,627
348 Loan Liability - Current	195,348	-	-	-	-	-	-
<b>310 Total Current Liabilities</b>	<b>\$ 977,516</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,126</b>	<b>\$ 491,971</b>	<b>\$ 10,730</b>	<b>\$ 907,627</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	-	-
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	-	-
354 Accrued Compensated Absences - Non Current	41,806	-	-	-	61,776	-	-
355 Loan Liability - Non Current	2,550,191	-	-	-	-	-	-
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
<b>350 Total Non-Current Liabilities</b>	<b>\$ 2,591,997</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,776</b>	<b>\$ -</b>	<b>\$ -</b>
<b>300 Total Liabilities</b>	<b>\$ 3,569,507</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,126</b>	<b>\$ 553,747</b>	<b>\$ 10,730</b>	<b>\$ 907,627</b>
<b>400 Deferred Inflow of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
508.4 Net Investment in Capital Assets	17,049,549	-	-	-	23,083	-	2,892,799
511.4 Restricted Net Position	199,094	-	-	-	-	-	-
512.4 Unrestricted Net Position	6,080,308	818,869	2,810,527	-	1,050,810	241,529	(907,627)
<b>513 Total Equity - Net Assets / Position</b>	<b>\$ 23,328,951</b>	<b>\$ 818,869</b>	<b>\$ 2,810,527</b>	<b>\$ -</b>	<b>\$ 1,073,893</b>	<b>\$ 241,529</b>	<b>\$ 1,985,172</b>
<b>600 Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$ 26,898,458</b>	<b>\$ 818,869</b>	<b>\$ 2,810,527</b>	<b>\$ 6,126</b>	<b>\$ 1,627,640</b>	<b>\$ 252,259</b>	<b>\$ 2,892,799</b>

Housing Authority of East Baton Rouge (LA003)

Baton Rouge, LA

Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2017

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing
70300 Net Tenant Rental Revenue	\$ 2,088,612	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
70400 Tenant Revenue - Other	168,865	-	-	-	-	-	-
<b>70500 Total Tenant Revenue</b>	<b>\$ 2,257,477</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
70600 HUD PHA Operating Grants	3,200,209	-	-	20,742	25,337,702	74,403	-
70610 Capital Grants	1,285,526	-	-	-	-	-	-
70710 Management Fee	-	-	-	-	-	-	-
70720 Asset Management Fee	-	-	-	-	-	-	-
70730 Book Keeping Fee	-	-	-	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
<b>70700 Total Fee Revenue</b>	<b>\$ 4,485,735</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,742</b>	<b>\$ 25,337,702</b>	<b>\$ 74,403</b>	<b>\$ -</b>
70800 Other Government Grants	-	-	-	-	-	-	-
71100 Investment Income - Unrestricted	1,532	308	674	-	349	83	-
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	-	-	-
71310 Cost of Sale of Assets	-	-	-	-	-	-	-
71400 Fraud Recovery	-	-	-	-	68,470	-	-
71500 Other Revenue	214,661	-	-	-	565,512	321	-
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	-	-
<b>70000 Total Revenue</b>	<b>\$ 6,959,405</b>	<b>\$ 308</b>	<b>\$ 674</b>	<b>\$ 20,742</b>	<b>\$ 25,972,033</b>	<b>\$ 74,807</b>	<b>\$ -</b>
91100 Administrative Salaries	328,193	-	-	16,654	795,743	2,778	-
91200 Auditing Fees	21,793	-	-	-	26,141	231	-
91300 Management Fee	623,074	-	-	-	408,369	-	-
91310 Book-keeping Fee	77,191	-	-	-	274,140	-	-
91400 Advertising and Marketing	-	-	-	-	-	-	-
91500 Employee Benefit contributions - Administrative	85,716	-	-	-	272,864	811	-
91600 Office Expenses	96,338	-	-	-	174,049	-	-
91700 Legal Expense	-	-	-	-	150	-	-
91800 Travel	3,232	-	-	328	629	-	-
91810 Allocated Overhead	-	-	-	-	-	-	-

Housing Authority of East Baton Rouge (LA003)  
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**Entity Wide Revenue and Expense Summary**

Fiscal Year

End: 09/30/2017

	Project Total	14.DVP Disaster Voucher Program	14.IKE DHAP-IKE	14.870 Resident Opportunity and Supportive Services	14.871 Housing Choice Vouchers	14.249 Section 8 Moderate Rehabilitation Single Room Occupancy	14.866 Revitalization of Severely Distressed Public Housing
91900 Other	47,123	-	-	674	39,364	-	-
<b>91000 Total Operating - Administrative</b>	<b>\$ 1,282,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,656</b>	<b>\$ 1,991,449</b>	<b>\$ 3,820</b>	<b>\$ -</b>
<b>92000 Asset Management Fee</b>	<b>\$ 105,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
92100 Tenant Services - Salaries	35,300	-	-	-	-	-	-
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	10,095	-	-	3,086	-	-	-
92400 Tenant Services - Other	23,994	-	-	-	-	-	-
<b>92500 Total Tenant Services</b>	<b>\$ 69,389</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,086</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
93100 Water	78,194	-	-	-	420	-	-
93200 Electricity	515,437	-	-	-	4,297	-	-
93300 Gas	105,556	-	-	-	427	-	-
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	306,894	-	-	-	1,592	-	-
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	-	-
<b>93000 Total Utilities</b>	<b>\$ 1,006,081</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,736</b>	<b>\$ -</b>	<b>\$ -</b>
94100 Ordinary Maintenance and Operations - Labor	568,373	-	-	-	-	-	-
94200 Ordinary Maintenance and Operations - Materials and Other	330,343	-	-	-	189	-	-
94300 Ordinary Maintenance and Operations Contracts	523,046	-	-	-	33,609	-	-
94500 Employee Benefit Contributions - Ordinary Maintenance	164,871	-	-	-	-	-	-
<b>94000 Total Maintenance</b>	<b>\$ 1,586,633</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,798</b>	<b>\$ -</b>	<b>\$ -</b>
95100 Protective Services - Labor	-	-	-	-	-	-	-
95200 Protective Services - Other Contract Costs	69,604	-	-	-	-	-	-
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
<b>95000 Total Protective Services</b>	<b>\$ 69,604</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
96110 Property Insurance	476,127	-	-	-	-	-	-
96120 Liability Insurance	32,795	-	-	-	67,937	-	-

Housing Authority of East Baton Rouge (LA003)  
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Entity Wide Revenue and Expense Summary

Fiscal Year  
 End: 09/30/2017

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96130 Workmen's Compensation	40,690	-	-	-	32,274	115	-
96140 All Other Insurance	33,321	-	-	-	23,284	-	-
<b>96100 Total Insurance Premiums</b>	<b>\$ 582,933</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 123,495</b>	<b>\$ 115</b>	<b>\$ -</b>
96200 Other General Expenses	81,875	-	-	-	36,326	-	-
96210 Compensated Absences	(5,830)	-	-	-	(1,820)	-	-
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	77,089	-	-	-	-	-	-
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-
<b>96000 Total Other General Expenses</b>	<b>\$ 153,134</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,506</b>	<b>\$ -</b>	<b>\$ -</b>
96710 Interest of Mortgage (or Bonds) Payable	-	-	-	-	-	-	-
96720 Interest on Notes Payable (Short and Long Term)	202,002	-	-	-	-	-	-
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>\$ 202,002</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>96900 Total Operating Expenses</b>	<b>\$ 5,057,916</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,742</b>	<b>\$ 2,189,984</b>	<b>\$ 3,935</b>	<b>\$ -</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>\$ 1,901,489</b>	<b>\$ 308</b>	<b>\$ 674</b>	<b>\$ -</b>	<b>\$ 23,782,049</b>	<b>\$ 70,872</b>	<b>\$ -</b>
97100 Extraordinary Maintenance	89,363	-	-	-	-	-	-
97200 Casualty Losses - Non-capitalized	(15,705)	-	-	-	-	-	-
97300 Housing Assistance Payments	-	-	-	-	23,612,471	52,777	-
97350 HAP Portability-In	-	-	-	-	482,614	-	-
97400 Depreciation Expense	1,483,990	-	-	10,447	7,694	-	68,165
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
<b>90000 Total Expenses</b>	<b>\$ 6,615,564</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,189</b>	<b>\$ 26,292,763</b>	<b>\$ 56,712</b>	<b>\$ 68,165</b>
10010 Operating Transfer In	252,278	-	-	-	-	-	-

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10020 Operating transfer Out	(252,278)	-	-	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	(776,456)	-	-	-	-	-	-
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>\$ (776,456)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>\$ (432,615)</b>	<b>\$ 308</b>	<b>\$ 674</b>	<b>\$ (10,447)</b>	<b>\$ (320,730)</b>	<b>\$ 18,095</b>	<b>\$ (68,165)</b>
11020 Required Annual Debt Principal Payments	\$ 181,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>11030 Beginning Equity</b>	<b>\$ 23,761,566</b>	<b>\$ 1,281,967</b>	<b>\$ 2,809,853</b>	<b>\$ 10,447</b>	<b>\$ 1,394,623</b>	<b>\$ 223,434</b>	<b>\$ 2,053,337</b>
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	(463,406)	-	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ -	\$ 1,073,893	\$ -	\$ -
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11190 Unit Months Available	10,809	-	-	-	47,360	288	-
11210 Number of Unit Months Leased	10,628	-	-	-	36,552	288	-
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	927,174	-	-	-	-	-	-
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	383,998	-	-	-	-	-	-
13901 Replacement Housing Factor Funds	176,456	-	-	-	-	-	-

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Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
111 Cash - Unrestricted	\$ 1,728,668	\$ 169,343	\$ -	\$ 12,945,682	\$ 171,131	\$ 475,642	13,592,455
112 Cash - Restricted - Modernization and Development	-	-	-	-	-	-	-
113 Cash - Other Restricted	-	-	-	759,396	-	6,602,714	7,362,110
114 Cash - Tenant Security Deposits	-	-	-	147,601	-	69,374	216,975
115 Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	-
<b>100 Total Cash</b>	<b>\$ 1,728,668</b>	<b>\$ 169,343</b>	<b>\$ -</b>	<b>\$ 13,852,679</b>	<b>\$ 171,131</b>	<b>\$ 7,147,730</b>	<b>\$ 21,171,540</b>
121 Accounts Receivable - PHA Projects	-	-	-	-	-	-	-
122 Accounts Receivable - HUD Other Projects	-	-	(16,484)	-	-	-	-
124 Accounts Receivable - Other Government	-	-	-	2,971	90,000	-	92,971
125 Accounts Receivable - Miscellaneous	-	64,342	-	109,842	813,725	7,086	930,653
126 Accounts Receivable - Tenants	-	-	-	48,129	-	8,617	56,746
126.1 Allowance for Doubtful Accounts - Tenants	-	-	-	(7,266)	-	-	(7,266)
126.2 Allowance for Doubtful Accounts - Other	-	-	-	-	-	-	-
127 Notes, Loans, & Mortgages Receivable - Current	-	-	-	-	-	-	-
128 Fraud Recovery	-	-	-	-	-	-	-
128.1 Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	-
129 Accrued Interest Receivable	-	-	-	-	-	-	-
<b>120 Total Receivables, Net of Allowances for Doubtful Accounts</b>	<b>\$ -</b>	<b>\$ 64,342</b>	<b>\$ (16,484)</b>	<b>\$ 153,676</b>	<b>\$ 903,725</b>	<b>\$ 15,703</b>	<b>\$ 1,073,104</b>
131 Investments - Unrestricted	-	-	-	-	-	-	-
132 Investments - Restricted	-	-	-	-	-	-	-
135 Investments - Restricted for Payment of Current Liability	-	-	-	-	-	-	-
142 Prepaid Expenses and Other Assets	-	87,723	-	376,914	1,541	67,800	446,255
143 Inventories	-	155,272	-	155,272	-	-	155,272
143.1 Allowance for Obsolete Inventories	-	(8,493)	-	(8,493)	-	-	(8,493)
144 Inter Program Due From	-	907,627	(907,627)	-	-	-	-
145 Assets Held for Sale	-	-	-	-	346,334	-	346,334
<b>150 Total Current Assets</b>	<b>\$ 1,728,668</b>	<b>\$ 1,375,814</b>	<b>\$ (924,111)</b>	<b>\$ 14,530,048</b>	<b>\$ 1,422,731</b>	<b>\$ 7,231,233</b>	<b>\$ 23,184,012</b>
161 Land	-	597,905	-	5,784,670	-	803,683	6,588,353
162 Buildings	-	1,220,141	-	38,093,412	-	44,487,485	82,580,897
163 Furniture, Equipment & Machinery - Dwellings	-	-	-	-	-	-	-
164 Furniture, Equipment & Machinery - Administration	-	197,027	-	677,469	15,418	3,220,889	3,913,776

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Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
165 Leasehold Improvements	-	676,667	-	5,829,088	-	4,992,427	10,821,515
166 Accumulated Depreciation	-	(1,339,876)	-	(30,597,415)	(9,251)	(8,752,153)	(39,358,819)
167 Construction in Progress	-	381,027	-	1,911,098	-	-	1,911,098
168 Infrastructure	-	-	-	-	-	-	-
<b>160 Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ -</b>	<b>\$ 1,732,891</b>	<b>\$ -</b>	<b>\$ 21,698,322</b>	<b>\$ 6,167</b>	<b>\$ 44,752,331</b>	<b>\$ 66,456,820</b>
171 Notes, Loans and Mortgages Receivable - Non-Current	-	418,000	-	3,409,570	980,200	-	4,389,770
172 Notes, Loans, & Mortgages Receivable - Non Current - Past Due	-	-	-	-	-	-	-
173 Grants Receivable - Non Current	-	-	-	-	-	-	-
174 Other Assets	-	104,553	-	104,553	-	173,230	277,791
176 Investments in Joint Ventures	-	-	-	-	-	-	-
<b>180 Total Non-Current Assets</b>	<b>\$ -</b>	<b>\$ 2,255,444</b>	<b>\$ -</b>	<b>\$ 25,212,445</b>	<b>\$ 986,367</b>	<b>\$ 44,925,569</b>	<b>\$ 71,124,381</b>
200 Deferred Outflow of Resources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>290 Total Assets and Deferred Outflow of Resources</b>	<b>\$ 1,728,668</b>	<b>\$ 3,631,258</b>	<b>\$ (924,111)</b>	<b>\$ 39,742,493</b>	<b>\$ 2,409,098</b>	<b>\$ 52,156,802</b>	<b>\$ 94,308,393</b>
311 Bank Overdraft	-	-	-	-	-	-	-
312 Accounts Payable <= 90 Days	-	6,606	-	25,296	274	354,816	380,386
313 Accounts Payable >90 Days Past Due	-	-	-	-	-	-	-
321 Accrued Wage/Payroll Taxes Payable	-	92,366	-	165,013	4,863	-	169,876
322 Accrued Compensated Absences - Current Portion	-	32,174	-	80,558	3,708	-	84,266
324 Accrued Contingency Liability	-	-	-	-	-	-	-
325 Accrued Interest Payable	-	274	-	274	-	363,975	364,249
331 Accounts Payable - HUD PHA Programs	-	-	(16,484)	404,419	-	-	404,419
332 Account Payable - PHA Projects	-	-	-	-	-	-	-
333 Accounts Payable - Other Government	-	-	-	-	-	-	-
341 Tenant Security Deposits	-	-	-	147,601	-	69,374	216,975
342 Unearned Revenue	-	-	-	566,482	-	4,266,781	4,833,263
343 Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	148,174	-	148,174	-	90,784	238,958
344 Current Portion of Long-term Debt - Operating Borrowings	-	-	-	-	-	-	-
345 Other Current Liabilities	-	-	-	16,282	82,361	-	98,643
346 Accrued Liabilities - Other	-	-	-	-	-	-	-

Housing Authority of East Baton Rouge (LA003)

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Entity Wide Balance Sheet Summary

Fiscal Year

End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
347 Inter Program - Due To	-	-	(907,627)	-	-	-	-
348 Loan Liability - Current	-	-	-	195,348	860,084	-	1,055,432
<b>310 Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ 279,594</b>	<b>\$ (924,111)</b>	<b>\$ 1,749,447</b>	<b>\$ 951,296</b>	<b>\$ 5,145,736</b>	<b>\$ 7,846,467</b>
351 Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	-	15,857,637	15,857,637
352 Long-term Debt, Net of Current - Operating Borrowings	-	-	-	-	-	-	-
353 Non-current Liabilities - Other	-	-	-	-	-	300,738	300,738
354 Accrued Compensated Absences - Non Current	-	68,960	-	172,542	-	-	172,542
355 Loan Liability - Non Current	-	-	-	2,550,191	980,200	-	3,530,391
356 FASB 5 Liabilities	-	-	-	-	-	-	-
357 Accrued Pension and OPEB Liabilities	-	-	-	-	-	-	-
<b>350 Total Non-Current Liabilities</b>	<b>\$ -</b>	<b>\$ 68,960</b>	<b>\$ -</b>	<b>\$ 2,722,733</b>	<b>\$ 980,200</b>	<b>\$ 16,158,375</b>	<b>\$ 19,861,308</b>
<b>300 Total Liabilities</b>	<b>\$ -</b>	<b>\$ 348,554</b>	<b>\$ (924,111)</b>	<b>\$ 4,472,180</b>	<b>\$ 1,931,496</b>	<b>\$ 21,304,105</b>	<b>\$ 27,707,775</b>
<b>400 Deferred Inflow of Resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
508.4 Net Investment in Capital Assets	-	1,584,717	-	21,550,148	6,167	26,803,910	50,360,225
511.4 Restricted Net Position	-	-	-	199,094	-	2,347,581	2,546,675
512.4 Unrestricted Net Position	1,728,668	1,697,987	-	13,521,071	471,441	(298,794)	13,693,718
<b>513 Total Equity - Net Assets / Position</b>	<b>\$ 1,728,668</b>	<b>\$ 3,282,704</b>	<b>\$ -</b>	<b>\$ 35,270,313</b>	<b>\$ 477,608</b>	<b>\$ 30,852,697</b>	<b>\$ 66,600,618</b>
<b>600 Total Liabilities, Deferred Inflows of Resources and Equity - Net</b>	<b>\$ 1,728,668</b>	<b>\$ 3,631,258</b>	<b>\$ (924,111)</b>	<b>\$ 39,742,493</b>	<b>\$ 2,409,099</b>	<b>\$ 52,156,802</b>	<b>\$ 94,308,393</b>

Housing Authority of East Baton Rouge (LA003)

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Entity Wide Revenue and Expense Summary

Fiscal Year

End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
70300 Net Tenant Rental Revenue	\$ -	\$ -	\$ -	\$ 2,088,612	\$ -	\$ 1,485,443	3,574,055
70400 Tenant Revenue - Other	-	-	-	168,865	-	20,796	189,663
<b>70500 Total Tenant Revenue</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,257,477</b>	<b>\$ -</b>	<b>\$ 1,506,241</b>	<b>\$ 3,763,718</b>
70600 HUD PHA Operating Grants	-	-	-	28,633,056	-	760,871	29,393,927
70610 Capital Grants	-	-	-	1,285,526	-	-	1,285,526
70710 Management Fee	-	1,031,443	(1,031,443)	-	-	-	-
70720 Asset Management Fee	-	105,480	(105,480)	-	-	-	-
70730 Book Keeping Fee	-	351,331	(351,331)	-	-	-	-
70740 Front Line Service Fee	-	-	-	-	-	-	-
70750 Other Fees	-	-	-	-	-	-	-
<b>70700 Total Fee Revenue</b>	<b>\$ -</b>	<b>\$ 1,488,254</b>	<b>\$ (1,488,254)</b>	<b>\$ 29,918,582</b>	<b>\$ -</b>	<b>\$ 760,871</b>	<b>\$ 30,679,453</b>
70800 Other Government Grants	-	-	-	-	90,000	-	90,000
71100 Investment Income - Unrestricted	415	1,852	-	5,213	22	829	6,064
71200 Mortgage Interest Income	-	-	-	-	-	-	-
71300 Proceeds from Disposition of Assets Held for Sale	-	-	-	-	469,244	-	469,244
71310 Cost of Sale of Assets	-	-	-	-	(501,225)	-	(501,225)
71400 Fraud Recovery	-	-	-	68,470	-	-	68,470
71500 Other Revenue	1,000	156,100	-	937,594	270,291	1,694,836	2,902,723
71600 Gain or Loss on Sale of Capital Assets	-	-	-	-	-	-	-
72000 Investment Income - Restricted	-	-	-	-	-	3,316	3,316
<b>70000 Total Revenue</b>	<b>\$ 1,415</b>	<b>\$ 1,646,206</b>	<b>\$ (1,488,254)</b>	<b>\$ 33,187,336</b>	<b>\$ 328,332</b>	<b>\$ 3,966,095</b>	<b>\$ 37,481,763</b>
91100 Administrative Salaries	-	858,579	-	2,001,947	118,690	254,249	2,374,866
91200 Auditing Fees	-	3,143	-	51,308	-	18,100	69,408
91300 Management Fee	-	-	(1,031,443)	-	-	202,043	202,043
91310 Book-keeping Fee	-	-	(351,331)	-	-	-	-
91400 Advertising and Marketing	-	-	-	-	1,500	1,010	2,510
91500 Employee Benefit contributions - Administrative	-	222,796	-	582,187	33,595	55,721	671,503
91600 Office Expenses	-	284,951	-	555,338	10,435	122,906	688,679
91700 Legal Expense	-	23,439	-	23,589	4,054	383	28,026
91800 Travel	-	34,338	-	38,527	6,187	12,505	57,219
91810 Allocated Overhead	-	-	-	-	-	-	-

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**Entity Wide Revenue and Expense Summary**

Fiscal Year

End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
91900 Other	-	62,209	-	149,370	17,181	-	166,551
<b>91000 Total Operating - Administrative</b>	<b>\$ -</b>	<b>\$ 1,489,455</b>	<b>\$ (1,382,774)</b>	<b>\$ 3,402,266</b>	<b>\$ 191,642</b>	<b>\$ 666,917</b>	<b>\$ 4,260,825</b>
<b>92000 Asset Management Fee</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (105,480)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
92100 Tenant Services - Salaries	-	-	-	35,300	-	-	35,300
92200 Relocation Costs	-	-	-	-	-	-	-
92300 Employee Benefit Contributions - Tenant Services	-	-	-	13,181	-	-	13,181
92400 Tenant Services - Other	-	-	-	23,994	30,000	-	53,994
<b>92500 Total Tenant Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,475</b>	<b>\$ 30,000</b>	<b>\$ -</b>	<b>\$ 102,475</b>
93100 Water	-	882	-	79,496	125	17,860	97,481
93200 Electricity	-	21,330	-	541,064	1,317	36,426	578,807
93300 Gas	-	564	-	106,547	131	36	106,714
93400 Fuel	-	-	-	-	-	-	-
93500 Labor	-	-	-	-	-	-	-
93600 Sewer	-	1,580	-	310,066	482	11,530	322,078
93700 Employee Benefit Contributions - Utilities	-	-	-	-	-	-	-
93800 Other Utilities Expense	-	-	-	-	-	4,311	4,311
<b>93000 Total Utilities</b>	<b>\$ -</b>	<b>\$ 24,356</b>	<b>\$ -</b>	<b>\$ 1,037,173</b>	<b>\$ 2,055</b>	<b>\$ 70,163</b>	<b>\$ 1,109,391</b>
94100 Ordinary Maintenance and Operations - Labor	-	67,358	-	635,731	-	134,352	770,083
94200 Ordinary Maintenance and Operations - Materials and Other	-	11,425	-	341,957	-	21,546	363,503
94300 Ordinary Maintenance and Operations Contracts	-	64,359	-	621,014	11,023	442,254	1,074,291
94500 Employee Benefit Contributions - Ordinary Maintenance	-	25,444	-	190,315	-	29,349	219,664
<b>94000 Total Maintenance</b>	<b>\$ -</b>	<b>\$ 168,586</b>	<b>\$ -</b>	<b>\$ 1,789,017</b>	<b>\$ 11,023</b>	<b>\$ 627,501</b>	<b>\$ 2,427,541</b>
95100 Protective Services - Labor	-	-	-	-	-	14,190	14,190
95200 Protective Services - Other Contract Costs	-	-	-	69,604	-	-	69,604
95300 Protective Services - Other	-	-	-	-	-	-	-
95500 Employee Benefit Contributions - Protective Services	-	-	-	-	-	-	-
<b>95000 Total Protective Services</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 69,604</b>	<b>\$ -</b>	<b>\$ 14,190</b>	<b>\$ 83,794</b>
96110 Property Insurance	-	23,460	-	499,587	-	168,327	667,914
96120 Liability Insurance	-	12,824	-	113,556	-	853	114,409

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End: 09/30/2017

	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
96130 Workmer's Compensation	-	37,711	-	110,790	4,818	15,164	130,772
96140 All Other Insurance	-	34,798	-	91,403	3,960	-	95,363
<b>96100 Total Insurance Premiums</b>	<b>\$ -</b>	<b>\$ 108,793</b>	<b>\$ -</b>	<b>\$ 815,336</b>	<b>\$ 8,778</b>	<b>\$ 184,344</b>	<b>\$ 1,008,458</b>
96200 Other General Expenses	-	-	-	118,201	107,729	81,687	307,617
96210 Compensated Absences	-	(22,247)	-	(29,897)	1,595	-	(28,302)
96300 Payments in Lieu of Taxes	-	-	-	-	-	-	-
96400 Bad debt - Tenant Rents	-	-	-	77,089	-	12,301	89,390
96500 Bad debt - Mortgages	-	-	-	-	-	-	-
96600 Bad debt - Other	-	-	-	-	-	-	-
96800 Severance Expense	-	-	-	-	-	-	-
<b>96000 Total Other General Expenses</b>	<b>\$ -</b>	<b>\$ (22,247)</b>	<b>\$ -</b>	<b>\$ 165,393</b>	<b>\$ 109,324</b>	<b>\$ 93,988</b>	<b>\$ 368,705</b>
96710 Interest of Mortgage (or Bonds) Payable	-	5,990	-	5,990	-	638,770	644,760
96720 Interest on Notes Payable (Short and Long Term)	-	-	-	202,002	-	-	202,002
96730 Amortization of Bond Issue Costs	-	-	-	-	-	-	-
<b>96700 Total Interest Expense and Amortization Cost</b>	<b>\$ -</b>	<b>\$ 5,990</b>	<b>\$ -</b>	<b>\$ 207,992</b>	<b>\$ -</b>	<b>\$ 638,770</b>	<b>\$ 846,762</b>
<b>96900 Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ 1,774,933</b>	<b>\$ (1,488,254)</b>	<b>\$ 7,559,256</b>	<b>\$ 352,822</b>	<b>\$ 2,295,873</b>	<b>\$ 10,207,951</b>
<b>97000 Excess of Operating Revenue over Operating Expenses</b>	<b>\$ 1,415</b>	<b>\$ (128,727)</b>	<b>\$ -</b>	<b>\$ 25,628,080</b>	<b>\$ (24,490)</b>	<b>\$ 1,670,222</b>	<b>\$ 27,273,812</b>
97100 Extraordinary Maintenance	-	-	-	89,363	-	-	89,363
97200 Casualty Losses - Non-capitalized	-	-	-	(15,705)	-	-	(15,705)
97300 Housing Assistance Payments	-	-	-	23,665,248	-	-	23,665,248
97350 HAP Portability-In	-	-	-	482,614	-	-	482,614
97400 Depreciation Expense	-	121,168	-	1,691,464	1,542	1,683,898	3,376,904
97500 Fraud Losses	-	-	-	-	-	-	-
97600 Capital Outlays - Governmental Funds	-	-	-	-	-	-	-
97700 Debt Principal Payment - Governmental Funds	-	-	-	-	-	-	-
97800 Dwelling Units Rent Expense	-	-	-	-	-	-	-
<b>90000 Total Expenses</b>	<b>\$ -</b>	<b>\$ 1,896,101</b>	<b>\$ (1,488,254)</b>	<b>\$ 33,472,240</b>	<b>\$ 354,364</b>	<b>\$ 3,979,771</b>	<b>\$ 37,806,375</b>
10010 Operating Transfer In	-	-	(252,278)	-	-	-	-

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	97.109 Disaster Housing Assistance Grant	COCC	ELIM	Total Enterprise Fund	97.036 Partners-for- Progress, Inc.	Partnerships - 12/31/2016	Total Reporting Entity
10020 Operating transfer Out	-	-	252,278	-	-	-	-
10030 Operating Transfers from/to Primary Government	-	-	-	-	-	-	-
10040 Operating Transfers from/to Component Unit	-	-	-	-	-	-	-
10050 Proceeds from Notes, Loans and Bonds	-	-	-	-	-	-	-
10060 Proceeds from Property Sales	-	-	-	-	-	-	-
10070 Extraordinary Items, Net Gain/Loss	-	-	-	-	-	-	-
10080 Special Items (Net Gain/Loss)	-	(17,544)	-	(794,000)	-	-	(794,000)
10091 Inter Project Excess Cash Transfer In	-	-	-	-	-	-	-
10092 Inter Project Excess Cash Transfer Out	-	-	-	-	-	-	-
10093 Transfers between Program and Project - In	-	-	-	-	-	-	-
10094 Transfers between Project and Program - Out	-	-	-	-	-	-	-
<b>10100 Total Other financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ (17,544)</b>	<b>\$ -</b>	<b>\$ (794,000)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (794,000)</b>
<b>10000 Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	<b>\$ 1,415</b>	<b>\$ (267,439)</b>	<b>\$ -</b>	<b>\$ (1,078,904)</b>	<b>\$ (26,032)</b>	<b>\$ (13,676)</b>	<b>\$ (1,118,612)</b>
11020 Required Annual Debt Principal Payments	\$ -	\$ -	\$ -	\$ 181,996	\$ -	\$ -	\$ 181,996
<b>11030 Beginning Equity</b>	<b>\$ 1,727,253</b>	<b>\$ 3,086,737</b>	<b>\$ -</b>	<b>\$ 36,349,217</b>	<b>\$ 503,640</b>	<b>\$ 30,866,373</b>	<b>\$ 67,719,230</b>
11040 Prior Period Adjustments, Equity Transfers and Correction of Errors	-	463,406	-	-	-	-	-
11170 Administrative Fee Equity	\$ -	\$ -	\$ -	\$ 1,073,893	\$ -	\$ -	\$ 1,073,893
11180 Housing Assistance Payments Equity	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11190 Unit Months Available	-	-	-	58,457	-	3,360	61,817
11210 Number of Unit Months Leased	-	-	-	47,468	-	3,297	50,765
11610 Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
11620 Building Purchases	-	-	-	927,174	-	-	927,174
11630 Furniture & Equipment - Dwelling Purchases	-	-	-	-	-	-	-
11640 Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-
11650 Leasehold Improvements Purchases	-	-	-	-	-	-	-
11660 Infrastructure Purchases	-	-	-	-	-	-	-
13510 CFFP Debt Service Payments	-	-	-	383,998	-	-	383,998
13901 Replacement Housing Factor Funds	-	-	-	176,456	-	-	176,456

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

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS

SEPTEMBER 30, 2017

**Section I: Summary of Auditors' Results:**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unmodified

Internal Control over financial reporting:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Is noncompliance that could have a material effect on the financial statements identified?  Yes  No

**FEDERAL AWARDS**

Internal control over major programs:

Are material weaknesses identified?  Yes  No

Are significant deficiencies that are not considered to be material weaknesses identified?  Yes  None Reported

Type of report issued on compliance with requirements applicable to each major program: Unmodified

Are there any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance?  Yes  No

**Identification of Major Programs**

Section 8 Housing Choice Vouchers Program CFDA No.  
14.871

Dollar threshold used to distinguish between type A and type B programs: \$897,557

Is the auditee identified as a low-risk auditee?  Yes  No

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

SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
CONTINUED

SEPTEMBER 30, 2017

**Section II: Financial Statement Findings & Questioned Costs:**

**Prior Year Findings:**

None

**Current Year Findings:**

None

**Section III: Federal Awards Findings & Questioned Costs:**

**Prior Year Findings:**

None

**Current Year Findings:**

None

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

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE CHIEF EXECUTIVE  
OFFICER

YEAR ENDED SEPTEMBER 30, 2017

EXPENDITURE PURPOSE

Salary	<u>\$ 211,904</u>
Benefits - Insurance	<u>10,364</u>
Benefits - Retirement	<u>24,000</u>
Car Allowance	<u>7,200</u>
Per Diem	<u>1,971</u>
Registration Fees	<u>3,501</u>
Conference Travel	<u>8,857</u>
Total Compensation, Benefits and Other Payments	<u><u>\$ 267,797</u></u>

Agency Head: Richard Murray, Chief Executive Officer

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*.

PARTNERS FOR PROGRESS, INCORPORATED  
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO THE CHIEF EXECUTIVE  
OFFICER

YEAR ENDED SEPTEMBER 30, 2017

EXPENDITURE PURPOSE

Salary	<u>\$0</u>
Benefits - Insurance	<u>0</u>
Benefits - Retirement	<u>0</u>
Car Allowance	<u>0</u>
Per Diem	<u>0</u>
Registration Fees	<u>0</u>
Conference Travel	<u>0</u>
Total Compensation, Benefits and Other Payments	<u><u>\$0</u></u>

Agency Head: Richard Murray, Chief Executive Officer

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*.

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

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

We have performed the procedures enumerated below, which were agreed to by The Housing Authority of East Baton Rouge Parish 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, 2016 through September 30, 2017. The Authority's management is responsible for those C/C areas identified in the SAUPs.

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

See Addendum A following this Report for a description of the SAUPs.

The associated results and conclusions are as follows:

### **Written Policies and Procedures**

The Authority was unable to provide policies which addressed how vendors are added to the Vendor List (Purchasing), Receipts processing or Debt Service requirements. All other Written Policies and Procedures business functions outlined in Addendum A (attached) were addressed.

### **Board**

Board meetings were held monthly. Actual-to-budget monthly comparisons were not consistently referenced. However, 'financial reports' were noted regularly throughout the minutes of the monthly board meetings.

### **Bank Reconciliations**

Bank reconciliations were complete and contained the required approvals.

### **Collections**

The Authority does not accept cash, and accepts non-cash payments at one centralized location. Receipts are deposited, posted and reconciled daily. Entity documentation does not address all controls implemented and executed over collections.

### **Disbursements**

Purchases were initiated using a purchase order system and require proper approvals prior to payments. Entity documentation addresses appropriate controls over disbursements.

**Credit Cards**

Statements contained appropriate approvals and charges on statements complied with the disbursement policies. No interest or late fee charges were noted.

**Travel and Expense Reimbursement**

Travel was for business purposes and was in compliance with the Authority's travel policy and GSA rate requirements. Sufficient documentation was maintained.

**Contracts**

Contracts supported the service arrangements and were in accordance with the Authority's procurement policies and legal requirements. Amendments were noted on some of the contracts in amounts of \$1,560, \$3,808 and \$21,339. The \$21,339 amendment applied to a \$140,339 contract. Amendments noted in another contract totaled \$121,302, which was less than 10% of the original contract amount. The original contracts 'contemplated' amendments but did not appear to specifically 'provide for' amendments. Applicable invoices were appropriately supported with the required documentation and were in accordance with contract terms.

**Payroll and Personnel**

The Authority appears to have implemented and executed sufficient controls over the payroll and personnel processes. Checks contained proper pay rates, daily attendance and related payroll taxes and retirement contributions. The Authority maintains documented leave records and supervisory approvals for leave. Termination payments were in accordance with the Authority's personnel policies.

**Ethics**

The Authority provided evidence of 'compliance documentation' for five out of five employees sampled. Payroll over-payments were reported, corrected and repaid during the fiscal year. A forensic auditor was contracted to confirm the amount of the over-payments and determine the cause of the over-payments. The forensic auditor did not conclude that the cause of the over-payments was deliberate, intentional or abusive.

**Debt Service**

The Authority maintains sufficient supporting documentation for all applicable debt. Debt service payments were made as scheduled. Additionally, debt service reserves were maintained as required by debt service covenants. No additional debt was issued during the fiscal year.

**Other**

No misappropriated funds were noted during the audit period except for the Payroll over-payments noted above, which were corrected and repaid immediately upon being discovered.

The notice required by R.S. 24:523.1 was appropriately posted on the premises.

See Addendum B following this Report for the Authority's Corrective Action Plan.

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.

*Aprio, LLP*

Birmingham, Alabama  
February 26, 2018

## ADDENDUM A

## *Introduction and General Comments*

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

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

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

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

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

all three reports should be submitted to the LLA as one Adobe pdf file, and all three reports will be issued by the LLA as public documents.

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

To avoid creating an undue burden on practitioners, the AUPs may be performed for a 12-month "fiscal period" that does not coincide with the entity's "fiscal year", as long as the 12-month fiscal period is no more than 3 months prior to the end of the entity's fiscal year. For example, the practitioner may perform AUPs for the fiscal period April 1, 2016 through March 31, 2017 for an entity with a fiscal year ending June 30, 2017. All AUPs below will reference fiscal period to mean the 12-months covered by the AUPs.

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

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

### ***Written Policies and Procedures***

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

- c) *Disbursements*, including processing, reviewing, and approving
- d) *Receipts*, including receiving, recording, and preparing deposits
- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

***Board (or Finance Committee, if applicable)***

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

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**
  - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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

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

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.  
  
Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
  - a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
  - a) For each transaction, report whether the transaction is supported by:
    - An original itemized receipt (i.e., identifies precisely what was purchased)

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

### ***Travel and Expense Reimbursement***

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

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

### *Contracts*

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

## *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

### *Payroll and Personnel*

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

## ***Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures***

### ***Ethics (excluding nonprofits)***

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

### ***Debt Service (excluding nonprofits)***

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

### ***Other***

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

## ADDENDUM B

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

LOUISIANA LEGISLATIVE AUDITOR, STATE-WIDE AGREED-UPON PROCEDURES

CORRECTIVE ACTION PLAN

SEPTEMBER 30, 2017

**Written Policies and Procedures**

The Authority will update its written policies to include adding vendors to the Vendor List, Receipts processing and Debt Service Requirements.

**Board**

The Authority will review Actual-to-Budget operating results regularly with its Board.