

4031

RECEIVED
LEGISLATIVE AUDITOR
2008 JUN 23 AM 9:12

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
BATON ROUGE, LOUISIANA
REPORT ON EXAMINATION
OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA
YEAR ENDED SEPTEMBER 30, 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/17/08

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

BATON ROUGE, LOUISIANA

TABLE OF CONTENTS

	Page
Management's Discussion and Analysis (MD&A)	1 - 7
Independent Auditors' Report	8 - 13
FINANCIAL STATEMENTS:	
Statement of Net Assets	14 - 15
Statement of Revenues, Expenses and Changes in Net Assets	16
Statement of Cash Flows	17
Notes to Financial Statements	18 - 29
SUPPLEMENTARY DATA:	
Schedule of Assets, Liabilities and Net Assets by Program	30 - 33
Schedule of Revenues, Expenses and Changes in Net Assets by Program	34 - 35
Summary Schedule of Expenditures of Federal Awards	36
Financial Data Schedule	37 - 44
Summary of Findings and Questioned Costs	45 - 49

**Housing Authority Of East Baton Rouge Parish
Management Discussion And Analysis
For The Year Ended September 30, 2007**

This section of the East Baton Rouge Parish's (EBRP) financial report represents our discussion and analysis of EBRP's financial performance during the fiscal year ended September 30, 2007. Please read it in conjunction with EBRP's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- EBRP's total net assets as of September 30, 2007 was approximately \$30,518,078 as compared to total net assets of approximately \$24,267,920 at September 30, 2006. This represents an increase from the prior year of approximately \$6,250,158 or nearly 25.75%.
- During the year, EBRP's revenues were \$6,250,158 more than the \$27,940,177 expended on Housing Assistance Payments, General & Administrative, Repairs and Maintenance, Utilities, Tenant Services, Protective Services, and Interest Expense. This is better than last year, when revenues exceeded expenses by \$2,443,775.
- For the fiscal year ended September 30, 2007, EBRP recognized Low Income and Section 8 operating subsidies of \$2,145,517 and \$13,977,384, respectively. EBRP also recognized \$497,595 in DHAP grant revenues, \$8,313,517 in DVP operating subsidies, \$2,220,131 in operating grant revenues, \$4,579,041 in capital grant revenues, and \$1,739,012 in dwelling rental revenues for the current fiscal year.
- For the fiscal year ended September 30, 2007, EBRP received a regulatory waiver of its SEMAP submission. The most current submission in 2004 resulted in a score of 100%.
- EBRP received a FASS score of 24.16 out of 30 total points for its unaudited electronic Financial Data Schedule submission to the HUD Real Estate Assessment Center (REAC) for the fiscal year ended September 30, 2007. For its fiscal year ended September 30, 2006, EBRP received a FASS score of 26.84 on its audited electronic submission. These scores are considered advisory since EBRP has an approved regulatory waiver of its FASS score issued by HUD REAC for the fiscal years ended September 30, 2007, 2006, and 2005.
- EBRP administers a HOPE VI grant that is being used to revitalize a once-prosperous, historic Old South Baton Rouge neighborhood. It is designed to provide residents of deteriorating public housing communities with new housing and training. Demolition of 171 obsolete public housing units and an acquired obsolete 82 unit apartment complex has been completed. These properties along with other acquisition in the development neighborhood are being used to develop 126 new single-family homes and duplexes for home-ownership and rental. Phase 1 construction consisting of 21 homeownership and 27 rental units is underway with a planned completion date of August of 2008. An alternative financing plan for Phase 2 (78 units) has been approved by HUD and will have a minimum of 30 homeownership units. Construction is expected to begin by July 2008. A robust marketing plan has contributed to 13 pending sales and two recent closings of Homeownership units in Phase I. The HOPE VI Community Supportive Services Program (CSS) offers a comprehensive array of job training, educational and life skills programs as well as support services. At the end of 2007, there were 16 households and 42 persons participating in the CSS Program. A Youthbuild component has helped EBRP provide services to 16-24 Yr olds to prepare them for their GED and to develop construction skills that are being used to help develop the site. The Neighborhood Network component was added to include computer assisted learning for various occupational skills.

- For the fiscal year ended September 30, 2006, EBRP received a regulatory waiver of its MASS certification. The most current submission in 2004 resulted in a score of 24 out of 30 total points.
- During 2005, Hurricanes Katrina and Rita struck the Gulf Coast region with catastrophic results. As part of the federal government's efforts to house families impacted by the storm, EBRP participated in the Katrina Disaster Housing Assistance Program (KDHP). Under KDHP, special vouchers were issued similar to the Housing Choice Voucher program and eligible families where provided assistance. For the fiscal year ended September 30, 2006, EBRP assisted a total of 459 families under KDHP. In December of 1995, through Congressional action, an appropriations bill was approved that provided funding for the Disaster Voucher Program (DVP). Under DVP, EBRP was to terminate assistance under the KDHP program on February 28, 2006 and move the assisted families to DVP assistance. For the fiscal year ended September 30, 2007, EBRP assisted a total of 849 families under DVP.
- In August of 2007, EBRP was awarded a Disaster Housing Assistance Program grant by FEMA. Under the provisions of this grant, EBRP is to provide; intake services for residents and landlords, case management services; housing search services; and Housing Assistance Payments to families affected by Hurricanes Katrina and Rita. Eligibility is determined by FEMA and not EBRP. HUD has oversight responsibilities and provides funding for the program via the existing HUDCAPPS funding system. The program is currently set to expire on March 1st of 2009. As of September 30 2007, the program was in the start up stage and EBRP was receiving data from HUD regarding the number of families that would be participating.

Partners for Progress, Inc. (PFP) was established in June 2004, as a component unit (CU) of EBRP, to manage a residential apartment complex as well as future acquired properties. In June of 2005, Partners for Progress Development Corporation, LLC (PFPDC) was established as a development corporation to facilitate low income housing development.

The Brookstown Place Partnership (BPP) was established in August of 2005 as the ownership entity of the Brookstown Place development. PFP and PFPDC hold ownership interests in BPP.

Cedar Pointe Development, LLC (CPD) was established in June of 2005 as a for profit corporation to facilitate the development of low income housing. **Cedar Pointe Subdivision Limited Partnership, (CPS)** was established in June of 2005 as the ownership entity of the Cedar Pointe development. PFP and CPD hold ownership interests in CPS.

- In October 2005, BPP executed a \$300,000 mortgage and in November 2005, BPP executed a cash purchase of property in the amount of \$45,545. In 2006, Brookstown Place Partnership was awarded a \$438,200 tax credit allocation for the development of 25 single family affordable housing units.
- In 2006, Cedar Pointe Development, LLC was awarded a \$1,220,972 tax credit allocation for the development of 80 single family affordable housing units. Cedar Pointe Subdivision is currently in the planning stages. In September 2006, CPS executed an Act of Credit Sale acquiring land for \$500,000, \$100,000 cash and \$400,000 payable in lump sum 1 year from purchase date. Construction of Cedar Pointe is underway and has a planned completion date in the first quarter of 2009.

OVERVIEW OF FINANCIAL STATEMENTS

The annual report consists of three parts – *management's discussion and analysis (this section), the basic financial statements, and required supplementary information*. The basic financial statements included in this annual report are those of a special-purpose government engaged in a business-type activity. The following statements are included:

- Statement of Net Assets – reports EBRP's assets and liabilities at the end of the operating year and provides information about the nature and amounts of investment of resources and obligations to creditors.
- Statement of Revenue, Expenses, and Change in Net Assets – report the results of activity over the course of the current year. It details the costs associated with operating the EBRP and how those costs were funded. It also provides an explanation of the change in net assets from the previous operating period to the current operating period.
- Statement of Cash Flows – reports EBRP's cash flows in and out from operating, noncapital financing, capital related financing and investing activities. It details the sources of EBRP's cash, what it was used for, and the change in cash over the course of the operating year.
- The notes to the financial statements explain some of the information in the financial statements and provide more detailed data.
- The statements are followed by *required supplementary information* that presents EBRP's electronic data submitted to HUD's Real Estate Assessment Center.

Our analysis of EBRP as a whole begins on this page. The most important question asked about EBRP's finances is, "*Is EBRP, as a whole, better or worse off as a result of the year's activities?*"

The attached analysis of entity wide net assets, revenue, and expenses are provided to assist with answering the above question. This analysis includes all assets and liabilities using the accrual basis of accounting.

Accrual accounting is similar to the accounting used by most private sector companies. Accrual accounting recognizes revenue and expenses when earned regardless of when cash is received or paid.

Our analysis also presents EBRP's net assets and changes in them. You can think of EBRP's net assets as the difference between what EBRP owns (assets) to what EBRP owes (liabilities). The change in net assets analysis will assist the reader with measuring the health or financial position of EBRP.

Net assets are categorized as one of three types.

- I. **Invested in capital assets, net of related debt** – Capital assets, net of accumulated depreciation and reduced by debt attributable to the acquisition of those assets;
- II. **Restricted** – net assets whose use is subject to constraints imposed by law or agreement;
- III. **Unrestricted** – net assets that are neither invested in capital assets nor restricted.

Over time, significant changes in EBRP's net assets are an indicator of whether its financial health is improving or deteriorating. To fully assess the financial health of any Housing Authority, the reader must also consider other non-financial factors such as changes in family composition, fluctuations in the local economy, HUD mandated program administrative changes, and the physical condition of the Housing Authority's capital assets.

FINANCIAL ANALYSIS OF THE EBRP AS A WHOLE

As noted earlier, net assets may serve over time as a useful indicator of EBRP's financial position. In the case of EBRP, assets exceeded liabilities by \$30,518,078 at the close of the most recent fiscal year.

By far the largest portion of EBRP's net assets (77 percent) reflects the investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. EBRP uses these capital assets to provide services to its program participants. Although EBRP's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Table A-1
Housing Authority of East Baton Rouge Parish Net Assets

	<u>2007</u>	<u>2006</u>	<u>% Variance</u>
Current assets	\$ 7,878,818	\$ 3,865,583	103.82
Restricted assets	2,358,427	121,311	1,844.12
Capital assets (net)	24,308,022	22,423,288	8.41
Other assets	15,193	106,351	-85.71
Total assets	<u>34,560,460</u>	<u>26,516,533</u>	<u>30.34</u>
Current liabilities	2,813,756	982,290	186.45
Tenant security deposits	92,087	98,428	-6.44
Non current liabilities	1,136,539	1,167,895	-2.68
Total Liabilities	<u>4,042,382</u>	<u>2,248,613</u>	<u>79.77</u>
Invested in capital assets (net)	23,356,922	21,420,826	9.04
Restricted Net Assets	2,240,630	-	-
Unrestricted Net Assets	4,920,526	2,847,094	72.83
Total Net Assets	<u>\$30,518,078</u>	<u>\$24,267,920</u>	<u>25.75</u>

The remaining balance of *unrestricted net assets* \$ may be used to meet EBRP's ongoing obligations to program participants and creditors'.

At the end of the current fiscal year, EBRP is able to report positive balances in all categories of net assets. The same situation held true for its prior fiscal year.

EBRP's net assets increased by \$6,250,158 during the current fiscal year. The increase represents the degree to which increases in ongoing revenues have outstripped similar increases in ongoing expenses.

EBRP's current assets increased by \$4,013,235 during the current fiscal year. This increase is a result of proceeds earned from DVP operating activities, monies received for the DHAP program start up costs, and a receivable recorded for the insurance settlement for the fire damaged units at Turner Plaza.

EBRP's restricted assets increased by \$2,237,116 during the current fiscal year. This increase resulted from unexpended Section 8 HAP dollars.

EBRP's current liabilities increased by \$1,831,466 during the current fiscal year. This increase is a result of deferred revenues associated with the DHAP program.

**Table A-2
Housing Authority of East Baton Rouge Parish Changes in Net Assets**

	<u>2007</u>	<u>2006</u>	<u>% Variance</u>
Revenues:			
Operating revenues:			
HAP revenues	\$19,184,638	\$16,422,068	16.82
Administrative fees	3,475,649	3,348,423	3.80
Public housing operating subsidy	2,145,517	1,856,702	15.56
Operating grants	2,220,131	2,694,947	-17.62
Dwelling rental	1,739,012	1,773,621	-1.95
Other operating	257,180	162,787	57.99
Nonoperating revenues:			
Capital grants	4,579,041	1,528,022	199.67
Interest revenue	144,373	61,540	134.60
Gain on Impairment of Assets	444,794	-	-
Total revenues	34,190,335	27,848,110	22.77
Expenses:			
Housing assistance payments	19,184,638	16,529,896	16.06
General and administrative	4,099,421	4,120,041	-50
Repairs and maintenance	1,724,059	1,542,246	11.79
Utilities	1,427,948	1,489,427	-4.13
Tenant services	78,503	76,296	2.89
Protection services	31,220	28,770	8.52
Depreciation	1,356,779	1,577,978	-14.02
Nonoperating expenses:			
Interest expense	37,609	39,681	-5.22
Total expenses	27,940,177	25,404,335	9.98
Increase (decrease) in net assets	6,250,158	2,443,775	155.76
Net assets – 10/1	24,267,920	21,824,145	11.20
Net assets – 9/30	\$30,518,078	\$24,267,920	25.75

EBRP's HAP revenues and associated HAP expenses increased by \$2,762,570 during the current fiscal year. The increase resulted primarily from the activity associated with the DHAP and DVP programs.

EBRP's Capital grant revenues increased by \$3,051,019 during the current fiscal year. The increase resulted from program activities associated with HOPE VI grant.

EBRP recognized a gain on impairment of assets in the amount of \$444,794. This gain was realized as a result of net insurance recoveries from the fire damaged units at Turner Plaza.

EBRP's interest revenues increased by \$82,833 during the current fiscal year. The increase resulted from having more monies available to invest throughout the year.

EBRP's Repairs and Maintenance expenses increased by \$181,813 during the current fiscal year. The increase resulted from increased activity in unit turnaround.

Capital Asset and Debt Administration

Capital assets. EBRP's investment in capital assets as of September 30, 2007, amounts to \$24,308,022 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The total increase in EBRP's investment in capital assets for the current operating year was 1%.

Major capital asset events during the current fiscal year included the following:

- HOPE VI property acquisition
- HOPE VI Phase I construction

Housing Authority of East Baton Rouge Parish's Capital Assets

	<u>2007</u>	<u>2006</u>
Land	\$ 5,672,446	\$ 5,287,065
Buildings and improvements	52,720,079	52,325,298
Furniture and equipment	650,178	699,771
Construction in progress	1,003,118	1,145,563
Total	<u>\$60,045,821</u>	<u>\$59,457,697</u>

Additional information on EBRP's capital assets can be found in note O on page 27 of this report.

Long-term debt. At the end of the current year, EBRP had total debt outstanding of \$951,100. EBRP's Mortgage Note is secured by the rents and leases on the building, and is payable in monthly installments through September 2020. EBRP's CDBG HOME program notes are secured by lien on the Wesley Chapel property and are payable in equal monthly installments through March 2022.

Housing Authority of East Baton Rouge Parish's Outstanding Debt

	<u>2007</u>	<u>2006</u>
Mortgage note payable	\$461,725	\$ 479,337
Section 8 – Special Allocations program notes payable	489,375	523,125
Total	<u>\$951,100</u>	<u>\$1,002,462</u>

EBRP's total debt decreased by \$51,362 (5%) during the current fiscal year. This decrease in outstanding debt represents scheduled debt service payments.

Additional information on EBRP's long-term debt can be found in note M on page 24 of this report.

Economic Factors

Significant economic factors affecting EBRP 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 tenant rental income,
- Natural disasters which can have a devastating impact on the local economy,
- Locality issues which result from goods and services often being required to be imported,
- Inflationary pressure on utility rates, supplies and other costs.

Requests for Information

The financial report is designed to provide a general overview of EBRP's finances for all those with an interest in the Housing Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, Housing Authority of East Baton Rouge Parish, 4731 North Boulevard, Baton Rouge, Louisiana 70806.

YEAGER & BOYD, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
5501 HIGHWAY 280
BIRMINGHAM, ALABAMA 35242
(205) 991-5506
(800) 284-1338
FAX (205) 991-5450

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

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities which comprise the major fund of the Housing Authority of East Baton Rouge Parish as of and for the year ended September 30, 2007, and the aggregate discretely presented component units for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

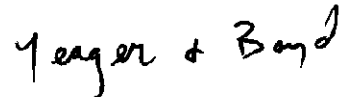
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities which comprise the major fund of the Authority as of September 30, 2007, and the aggregate discretely presented component units for the year ended December 31, 2006, and the changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 16, 2008 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.

The accompanying Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and is not a required part of the financial statements. Also, the accompanying Financial Data Schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Further, other supplementary data as listed in the table of contents is presented for Department of Housing and Urban Development information and is not a required part of the financial statements. Such supplementary data, including the schedule of expenditures of federal awards, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Birmingham, Alabama
June 16, 2008



Yeager & Boyd

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

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 the financial statements of the business-type activities of the Authority as of and for the year ended September 30, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 16, 2008. 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. The financial statements of the Authority's Discretely Presented Component Units were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Commissioners, management and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama
June 16, 2008

Yeager + Boyd

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

BATON ROUGE, LOUISIANA

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 07-01.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control over compliance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 07-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's response and, accordingly, we express no opinion on it.

Our Consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Birmingham, Alabama
June 16, 2008

Yeager & Bond

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

ASSETS

	Housing Authority of East Baton Rouge Parish	Component Units	Total Reporting Entity
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ 4,433,033	\$ 162,581	\$ 4,595,614
Accounts Receivable - Grants	771,306	-	771,306
Accounts Receivable - Other	2,209,292	-	2,209,292
Tenants Accounts Receivable	53,675	-	53,675
Allowance for Doubtful Accounts	(2,394)	-	(2,394)
Prepaid Costs	291,595	-	291,595
Inventory	122,311	-	122,311
Total Current Assets	7,878,818	162,581	8,041,399
 <u>Non-current Assets</u>			
<u>Restricted Assets</u>			
Cash and Cash Equivalents	2,358,427	-	2,358,427
Total Restricted Assets	2,358,427	-	2,358,427
 <u>Capital Assets</u>			
Land	5,672,446	560,149	6,232,595
Buildings and Improvements	52,720,079	-	52,720,079
Furniture & Equipment	650,178	-	650,178
Construction in Progress	1,003,118	1,889,230	2,892,348
	60,045,821	2,449,379	62,495,200
(Less): Accumulated Depreciation	(35,737,799)	-	(35,737,799)
Net Capital Assets	24,308,022	2,449,379	26,757,401
 <u>Other Assets</u>			
Prepaid Costs - Long Term	15,193	-	15,193
Total Other Assets	15,193	-	15,193
 Total Assets	 \$ 34,560,460	 \$ 2,611,960	 \$ 37,172,420

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2007

LIABILITIES AND NET ASSETS

	Housing Authority of East Baton Rouge Parish	Component Units	Total Reporting Entity
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts Payable	\$ 454,804	\$ 988,657	\$ 1,443,461
Accounts Payable - HUD	1,888	-	1,888
Accrued Wages and Payroll Taxes	131,102	-	131,102
Accrued Compensated Absences	64,484	-	64,484
Accrued Interest Payable	-	40,560	40,560
Tenant Security Deposits	92,087	-	92,087
Deferred Revenues	2,089,789	-	2,089,789
Other Current Liabilities	18,549	-	18,549
Current Portion of Long Term Debt	53,140	-	53,140
Total Current Liabilities	2,905,843	1,029,217	3,935,060
<u>Long Term Liabilities</u>			
Long Term Debt	897,960	1,580,000	2,477,960
Accrued Compensated Absences	120,782	-	120,782
Noncurrent Liabilities - Other	117,797	-	117,797
Total Long Term Liabilities	1,136,539	1,580,000	2,716,539
Total Liabilities	4,042,382	2,609,217	6,651,599
<u>Net Assets</u>			
Investment in Capital Assets			
Net of Related Debt	23,356,922	2,743	23,359,665
Restricted Net Assets	2,240,630	-	2,240,630
Unrestricted Net Assets	4,920,526	-	4,920,526
Total Net Assets	30,518,078	2,743	30,520,821
Total Liabilities and Net Assets	\$ 34,560,460	\$ 2,611,960	\$ 37,172,420

See the accompanying notes to financial statements.

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	<u>Housing Authority of East Baton Rouge Parish</u>	<u>Component Units</u>	<u>Total Reporting Entity</u>
<u>Operating Revenues</u>			
Dwelling Rent	\$ 1,739,012	\$ -	\$ 1,739,012
Operating Grants	27,025,935	-	27,025,935
Other Revenue	257,180	-	257,180
Total Operating Revenues	<u>29,022,127</u>	<u>-</u>	<u>29,022,127</u>
<u>Operating Expenses</u>			
Administrative	3,371,812	-	3,371,812
Tenant Services	78,503	-	78,503
Utilities	1,427,948	-	1,427,948
Maintenance and Operations	1,724,059	-	1,724,059
Protective Services	31,220	-	31,220
General Expense	727,609	-	727,609
Housing Assistance Payments	19,184,638	-	19,184,638
Depreciation	1,356,779	-	1,356,779
Total Operating Expenses	<u>27,902,568</u>	<u>-</u>	<u>27,902,568</u>
Operating Income (Loss)	1,119,559	-	1,119,559
<u>Non-Operating Revenues (Expenses)</u>			
Investment Income	144,373	2,743	147,116
Interest Expense on Capital Debt	(37,609)	-	(37,609)
Gain (Loss) on Impairment	444,794	-	444,794
Total Non-Operating Rev/(Exp)	<u>551,558</u>	<u>2,743</u>	<u>554,301</u>
Increase (Decrease) before Capital Contributions	1,671,117	2,743	1,673,860
Capital Contributions	<u>4,579,041</u>	<u>-</u>	<u>4,579,041</u>
Increase (Decrease) in Net Assets	6,250,158	2,743	6,252,901
Net Assets, Beginning	24,267,920	-	24,267,920
Net Assets, Ending	<u>\$ 30,518,078</u>	<u>\$ 2,743</u>	<u>\$ 30,520,821</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, 2007**

	Enterprise Fund	Component Units	Total Reporting Entity
<u>Cash flows from operating activities:</u>			
Cash Received from Dwelling Rent	\$ 1,653,975	\$ -	\$ 1,653,975
Cash Received from Operating Grants	28,192,954	-	28,192,954
Cash Received from Other Sources	264,632	-	264,632
Cash Payments for Salaries & Benefits	(3,103,353)	-	(3,103,353)
Cash Payments to Vendors & Landlords	(23,048,065)	-	(23,048,065)
Net cash provided (used) by operating activities	3,960,143	-	3,960,143
<u>Cash flows from non-capital financing activities:</u>			
Net cash provided (used) by noncapital financing activities	-	-	-
<u>Cash flows from capital and related financing activities:</u>			
Capital Grants Received	4,467,342	-	4,467,342
Capital Outlay	(5,025,720)	(1,364,969)	(6,390,689)
Insurance Proceeds Received from Impaired Assets	175,000	-	175,000
Net Proceeds Received from (Payments made on) capital debt	(89,545)	1,524,807	1,435,262
Net cash provided (used) by capital and related financing activities	(472,923)	159,838	(313,085)
<u>Cash flows from investing activities:</u>			
Interest earned from cash and cash equivalents	144,373	2,743	147,116
Net cash provided (used) by investing activities	144,373	2,743	147,116
Net increase in cash and cash equivalents	3,631,593	162,581	3,794,174
<u>Cash and cash equivalents, beginning of year:</u>			
Current and Restricted Cash	3,159,867	-	3,159,867
Total cash and cash equivalents, beginning of year	3,159,867	-	3,159,867
<u>Cash and cash equivalents, end of year:</u>			
Current and Restricted Cash	6,791,460	162,581	6,954,041
Total cash and cash equivalents, end of year	\$ 6,791,460	\$ 162,581	\$ 6,954,041
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating Income (Loss)	\$ 1,119,559	\$ -	\$ 1,119,559
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,356,779	-	1,356,779
Bad Debt Expense	160,013	-	160,013
Change in Tenants Accounts Receivable	(85,037)	-	(85,037)
Change in Accounts Receivable/Payable - Grants	(578,507)	-	(578,507)
Change in Other Accounts Receivable	10,966	-	10,966
Change in Prepaid Costs	81,645	-	81,645
Change in Inventory	(35,930)	-	(35,930)
Change in Accounts Payable	156,738	-	156,738
Change in Accrued Expenses	36,599	-	36,599
Change in Deferred Revenue	1,745,526	-	1,745,526
Change in Tenant Security Deposits	(6,341)	-	(6,341)
Change in Other Current Liabilities	1,647	-	1,647
Change in Other Noncurrent Liabilities	(3,514)	-	(3,514)
Net cash provided (used) by operating activities	\$ 3,960,143	\$ -	\$ 3,960,143

See the accompanying notes to financial statements.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH

BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007

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.

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 on or before November 30, 1989, and those issued after November 30, 1989 except for those that conflict with or contradict Governmental Accounting Standards Board pronouncements.

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. Tenant accounts receivable are immaterial for further disclosures. Other accounts receivable consists of amounts due from HUD for Grant Income.

Prepaid Items

Prepaid Items consists of payments made to vendors for services that will benefit future periods.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES- CONTINUED

Inventory

Inventories consist of materials and supplies that have not been used or consumed. Inventory is valued at cost and recorded as an expense when it is consumed.

Deferred Revenue

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

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-fund revenues and expenses for internal activity. The policy is to eliminate any material inter-fund revenues and expenses for these financial statements.

Property and Equipment

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 fixtures and equipment	5 years

Cost Allocation Plan

In accordance with OMB Circular A-87, the Authority utilizes a Cost Allocation Plan. The Authority allocates indirect costs to programs on the basis of one of the following methods: direct salaries and wages, percentage of office square footage, number of vouchers and/or units, estimated/actual time spent, number of checks processed or the allotment stipulated in contractual agreements.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - REPORTING ENTITY DEFINITION

The Housing Authority is a separate non-profit corporation with a Board of Commissioners. The applicable jurisdictions appoint the Board of Commissioners. However, the Housing 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 and Statement No. 14 (amended), of the Governmental Accounting Standards Board: The Financial Reporting Entity*. 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 is a related not-for-profit Louisiana Corporation, which was created as an instrumentality of the Authority for the purpose of managing an 82-unit residential apartment complex, Wesley Chapel, as well as future acquired properties. On December 31, 2004, legal ownership of the complex was transferred to Partners for Progress. Partners for Progress has entered into a management agreement with the Authority for the Authority to manage Wesley Chapel apartments for a fee of 6% of annual gross operating receipts. Partners for Progress is considered to be a blended component unit. The activity from Partners for Progress is reported in the accompanying schedules in the Section 8 Housing Assistance Payments Program – Special Allocations column. The organization's fiscal year end is September 30. A copy of the financial statements of Partners for Progress for the year ended September 30, 2007 may be obtained by writing to The Housing Authority of the East Baton Rouge Parish, 47 North Boulevard, Baton Rouge, Louisiana 70806.

Partners for Progress Development Corporation, LLC is a related for profit Louisiana Corporation which was created on June 16, 2005 as an instrumentality of the Authority to facilitate low income housing development. Partners for Progress Development Corporation is the managing general partner of **Brookstown Place Partnership** (Discrete Component Unit), a Louisiana Partnership in Commendam. Partners for Progress Development Corporation holds .01% interest in Brookstown Place Partnership and contributed \$50 at formation for this interest. Partners for Progress Development Corporation will receive .01% of income, 5% of the distribution of cash flow, and 5% from the sale or refinancing of partnership assets.

Cedar Pointe Development, L.L.C. is a related for profit Louisiana Corporation and is an instrumentality of the Authority to facilitate low income housing development. Cedar Pointe Development, L.L.C. is the managing general partner of **Cedar Pointe Subdivision Limited Partnership** (Discrete Component Unit), a Louisiana Partnership in Commendam. Cedar Pointe Development, L.L.C. holds .01% interest 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.

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE B - REPORTING ENTITY DEFINITION - CONTINUED

Partners for Progress Development Corporation, LLC and Cedar Pointe Development LLC are considered by the Authority to be blended component units. Brookstown Place Partnership and Cedar Pointe Subdivision Limited Partnership are all considered by the Authority to be discretely presented component units. These component units have December 31 year ends. As of their previous fiscal year end of December 31, 2006, Partners for Progress Development Corporation, LLC and Cedar Pointe Development, LLC had no financial activity and therefore there is no financial activity for them in this report. Financial activity for Brookstown Place Partnership and Cedar Pointe Subdivision Limited Partnership, for the year ending December 31, 2006, is reported discretely with the financial statements of the Housing Authority.

NOTE C - CASH AND INVESTMENT 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate volatility.

The Housing Authority's cash and cash equivalents consist of cash held in interest bearing checking accounts and investment sweep accounts totaling \$6,791,460. Deposits with financial institutions are secured as follows:

Insured by FDIC	\$ 200,000
Collateralized with specific securities in the Authority name which are held by the financial institution	6,591,460
Uncollateralized	-
	<u>\$ 6,791,460</u>

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

NOTE D - CONTRACTUAL COMMITMENTS

The Authority had Outstanding Contractual Commitments as of the Balance Sheet Date as follows:

<u>Type Commitment</u>	<u>Amount</u>
Development and Renovations	\$2,712,984

NOTES TO FINANCIAL STATEMENTS – CONTINUED

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, and costs to complete long term contracts. These estimates may be adjusted as more current information becomes available, and any adjustment could be significant.

NOTE F - PENSION PLAN

The Authority provides pension benefits for all of its full-time employees through a defined contribution plan. The plan is administered by Broussard, Bush & Hurst. 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 6.5% of the employee's compensation, while the employees are not required to contribute to the plan. The Authority's contributions for each employee (and interest allocated to the employee's account) are fully vested after 5 years of continuous service. During fiscal year 2007, the Authority made the required contributions in the amount of \$113,086 and the employees contributed \$23,991.

NOTE G – OPERATING LEASE

The Authority leases its office facility for its HOPE VI program staff from The McKinley High School Alumni Association under a long-term lease expiring on November 30, 2008. The lease provides for four options to renew for a period of one year each, at the end of the initial term. The Authority prepaid the \$273,474 rent for the 3-year term in December of 2005. The authority expenses this prepaid rent amount monthly. During fiscal year 2007, the Authority incurred \$91,158 of rental expense for the lease of office space for its HOPE VI staff.

NOTE H – 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.

NOTE I – ACCOUNTS RECEIVABLE – OTHER

Accounts Receivable – Other, consists of the following:

<u>Receivable</u>	<u>Amount</u>
Insurance Proceeds Receivable	\$2,126,062
Due from other Housing Authorities	63,731
Miscellaneous	<u>19,499</u>
	\$2,209,292

Insurance Proceeds receivable is the Housing Authority's estimate of funds they will collect during fiscal year ending September 30, 2008, as a result of fire and water damage they incurred in February, 2007.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J – INTERPROGRAM 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 subsequently reimbursed by the Public Housing Program. Balances due for such charges are reflected in the Interprogram Due to/Due from account balances. Interprograms at September 30, 2007 consisted of the following:

Disaster Housing Assistance	\$ 1,609,733
Disaster Voucher Program	1,136,282
Section 8 Mod Rehab	115,043
Business Activities	669
Section 8 - Special Allocations Program	(56,583)
Community Development Block Grants	487
Home Investment Partnership	(70,367)
Opportunities for Youth	(13,858)
Low Rent	147,966
HOPE VI	7,239
ROSS	(5,018)
Housing Choice Vouchers	(2,810,231)
Capital Fund Program	(47,344)
State/Local	(14,018)
	<u>\$ -</u>

NOTE K – 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, 2007, is shown as a liability allocated between current and non-current.

NOTE L – 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.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE M – NOTES PAYABLE

1. In March of 2000, the Authority issued a note payable of \$567,000 for the remodeling of a commercial office building. The amount of interest paid and charged to expense during the year was \$37,609. The principal balance at September 30, 2007 was \$461,725. The debt was refinanced in October of 2007. The new promissory note bears interest at a rate of 8% and is payable in 59 monthly installments of \$4,783, and an estimated final balloon payment of \$341,247. The note is secured by the rents and leases on the building. Debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Balance Due</u>
2008	\$ 19,390	\$ 33,222	\$ 442,335
2009	22,834	34,562	419,501
2010	24,729	32,666	394,772
2011	26,781	30,614	367,991
2012	29,004	28,391	338,987
2013	338,987	2,260	-
	<u>\$ 461,725</u>	<u>\$ 161,715</u>	<u>\$ -</u>

2. In November of 2000, the Authority issued a non-interest bearing CDBG Home Loan Program notes payable of \$504,000, for the purchase and rehabilitation of the Wesley Chapel project. The note is secured by a lien on Wesley Chapel property and is payable in equal monthly installments through March 2022. The outstanding balance as of September 30, 2007 was \$365,400. Future projected payments are as follows:

	<u>Principal</u>	<u>Balance Due</u>
2008	\$ 25,200	\$ 340,200
2009	25,200	315,000
2010	25,200	289,800
2011	25,200	264,600
2012	25,200	239,400
2013 - 2017	126,000	113,400
2018 - 2022	113,400	-
	<u>\$ 365,400</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE M – NOTES PAYABLE - CONTINUED

3. In November of 2000, the Authority issued a second non-interest bearing CDBG Home Loan Program note payable of \$171,000, for the purchase and rehabilitation of the Wesley Chapel project. The note is secured by a lien on Wesley Chapel property and is payable in equal monthly installments through March 2022. The outstanding balance as of September 30, 2007 was \$123,975. Future projected payments are as follows:

	<u>Principal</u>	<u>Balance Due</u>
2008	\$ 8,550	\$ 115,425
2009	8,550	106,875
2010	8,550	98,325
2011	8,550	89,775
2012	8,550	81,225
2013 - 2017	42,750	38,475
2018 - 2022	38,475	-
Total Payments	<u>\$ 123,975</u>	<u>\$ -</u>

Long-term debt activity for the year ended September 30, 2007, applicable to the Authority and it's Blended Component Unit, was as follows:

	<u>Prior Year Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Year End Balance</u>
Mortgage Payable	\$ 479,337	\$ -	\$ 17,612	\$ 461,725
Notes Payable	523,125		33,750	489,375
Accrued Compensated Absences	156,486	28,780		185,266
FSS Escrow	121,311		3,514	117,797
Less: Current portion	<u>(112,364)</u>			<u>(117,624)</u>
Long Term Debt Liabilities	<u>\$ 1,167,895</u>			<u>\$ 1,136,539</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE N – NOTES PAYABLE – DISCREET COMPONENT UNITS

1. On October 18, 2006, Brookstown Place Partnership signed a promissory note with Alliant Capital, LTD in the amount of \$800,000, to fund predevelopment costs of an affordable housing project. The note bears interest at the prime rate plus 2%, and is payable monthly. The principal balance is due February 1, 2007. The note is secured by a mortgage on the property. The amount of interest capitalized during the year was \$20,000.
2. On September 19, 2006, Cedar Pointe Subdivision Limited Partnership signed a promissory note with Alliant Capital, LTD in the amount of \$380,000, to fund predevelopment costs of an 80 unit apartment complex. The note bears interest at the prime rate plus 2%, and is payable monthly. The principal balance is due March 1, 2007. The note is secured by a pledge of partnership interests in Cedar Pointe Subdivision Limited Partnership. The amount of interest capitalized during the year was \$10,558.
3. On September 21, 2006, Cedar Pointe Limited Partnership signed a promissory note with Greenwell Land Acquisitions, LLC for \$400,000, to fund predevelopment costs of an 80 unit apartment complex. The note bears interest at a rate of 9% and is payable quarterly. The principal balance is due September 30, 2007. The note is secured by a mortgage on the land. The amount of interest capitalized during the year was \$10,002.

Long-term debt activity for the year ended December 31, 2006, applicable to the Discreet Component Units, was as follows:

	<u>Prior Year Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Year End Balance</u>
Notes Payable	\$ 55,193	\$ 1,524,807	\$ -	\$ 1,580,000
Less: Current portion	<u>(55,193)</u>	<u> </u>	<u> </u>	<u>-</u>
Long Term Debt Liabilities	<u>\$ -</u>			<u>\$ 1,580,000</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – CAPITAL ASSETS

A summary of the Housing Authority's Capital Assets at September 30, 2007 is as follows:

	BUSINESS ACTIVITIES	SECTION 8- SPECIAL ALLOCATIONS	CDBG	LOW RENT PUBLIC HOUSING
Land	\$ 110,500	\$ 166,100	\$ 39,744	\$ 3,275,672
Building and Improvements	785,335	2,377,029	233,720	42,508,547
Furniture and Equipment	-	5,020	-	410,813
Construction in Process	-	139,987	-	339,519
Less Accumulated Depreciation	<u>(253,053)</u>	<u>(973,693)</u>	<u>-</u>	<u>(33,854,640)</u>
Total Property and Equipment	<u>\$ 642,782</u>	<u>\$ 1,714,443</u>	<u>\$ 273,464</u>	<u>\$ 12,679,911</u>

	HOPE VI	HOUSING CHOICE VOUCHERS	ROSS	CAPITAL FUND
Land	\$ 2,080,430	\$ -	\$ -	\$ -
Building and Improvements	5,235,643	390,646	-	1,189,159
Furniture and Equipment	49,366	174,100	-	10,879
Construction in Process	-	-	10,447	513,165
Less Accumulated Depreciation	<u>(33,351)</u>	<u>(509,487)</u>	<u>-</u>	<u>(113,575)</u>
Total Property and Equipment	<u>\$ 7,332,088</u>	<u>\$ 55,259</u>	<u>\$ 10,447</u>	<u>\$ 1,599,628</u>

	October 1, 2006 Balance	Additions	Transfers & Deletions	September 30, 2007 Balance
Land	\$ 5,287,065	\$ 375,637	\$ 9,744	\$ 5,672,446
Construction in Process	1,145,563	992,671	(1,135,116)	1,003,118
Total Assets not being Depreciated	6,432,628	1,368,308	(1,125,372)	6,675,564
Buildings and Improvements	52,325,298	3,694,226	(3,299,445)	52,720,079
Furniture and Equipment	699,771	35,247	(84,840)	650,178
Total Property and Equipment	59,457,697	5,097,781	(4,509,657)	60,045,821
Less Accumulated Depreciation	<u>(37,034,409)</u>	<u>(1,356,779)</u>	<u>2,653,389</u>	<u>(35,737,799)</u>
Net Book Value	<u>\$ 22,423,288</u>	<u>\$ 3,741,002</u>	<u>\$ (1,856,268)</u>	<u>\$ 24,308,022</u>

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE O – CAPITAL ASSETS - CONTINUED

A summary of the Discreet Component Unit's Capital Assets at December 31, 2006 is as follows:

	January 1, 2006 <u>Balance</u>	<u>Additions</u>	Transfers & <u>Deletions</u>	December 31, 2006 <u>Balance</u>
Land	\$ 55,460	\$ 504,689	\$ -	\$ 560,149
Construction in Process	<u>-</u>	<u>1,889,230</u>	<u>-</u>	<u>1,889,230</u>
Total Assets not being Depreciated	55,460	2,393,919	-	2,449,379
Buildings and Improvements	-	-	-	-
Furniture and Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Property and Equipment	55,460	2,393,919	-	2,449,379
Less Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value	<u>\$ 55,460</u>	<u>\$ 2,393,919</u>	<u>\$ -</u>	<u>\$ 2,449,379</u>

NOTE P – RESTRICTED CASH

The Authority's restricted cash consists of the following as of the end of the fiscal year:

Cash Held in Escrow for Tenants	\$117,797
Cash Held for Housing Assistance Payments	<u>2,240,630</u>
Total Restricted Cash	<u>\$2,358,427</u>

NOTE Q – GAIN ON IMPAIRMENT OF ASSETS

In February 2007, the Authority had a fire which significantly damaged two of their public housing sites. The gain on impairment is calculated as follows:

<u>Receivable</u>	<u>Amount</u>
Estimated Insurance Recovery	\$2,301,062
Reduction of Book Value of Assets	<u>(1,856,268)</u>
Gain on Impairment of Assets	\$444,794

NOTES TO FINANCIAL STATEMENTS – CONTINUED

NOTE R – RESTRICTED NET ASSETS

Restricted net assets consist of the following:

Restricted Housing Assistance Payment Funds	\$2,240,630
---	-------------

Housing Assistance Payment (HAP) funds are available to the Authority under the Section 8 Housing Choice Vouchers program. These funds are to be used only for HAP expenditures for the program. There is no offsetting liability for the restricted bond fund proceeds. Therefore the \$2,240,630 is shown as Restricted Net Assets in the equity section of the Statement of Net Assets.

NOTE S – CONTINGENT LIABILITY – BROOKSTOWN PLACE PARTNERSHIP

Partners for Progress, Inc. is the sole member of Partners for Progress Development Corporation, LLC. Partners for Progress Development Corporation, LLC is the general partner of Brookstown Place Partnership. As the general partner of Brookstown Place Partnership, Partners for Progress Development Corporation is a guarantor of Brookstown Place Partnership's debt. On January 31, 2007 Brookstown Place Partnership signed a promissory note with Alliant Mortgage Company, L.L.C. for an amount up to \$1,120,000. Management feels that due to the ownership structure of the component unit the Authority could be liable if Brookstown Place Partnership defaults on the \$1,120,000 promissory note.

NOTE T – CONTINGENT LIABILITY – CEDAR POINTE SUBDIVISION LIMITED PARTNERSHIP

Partners for Progress, Inc. is the sole member of Cedar Pointe Development, L.L.C. Cedar Pointe Development, L.L.C. is the general partner of Cedar Pointe Subdivision Limited Partnership. As the general partner of Cedar Pointe Subdivision Limited Partnership, Cedar Pointe Development, L.L.C. is a guarantor of Cedar Pointe Subdivision Limited Partnership's debt. On July 19, 2007 Cedar Pointe Subdivision Limited Partnership signed a promissory note with Alliant Mortgage Company, L.L.C. for an amount up to \$4,320,000. Management feels that due to the ownership structure of the component unit the Authority could be liable if Cedar Pointe Subdivision Limited Partnership defaults on the \$4,320,000 promissory note.

NOTE U – OTHER 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.

NOTE V – RELATED PARTY TRANSACTIONS

A member of the Authority's board is employed by the State of Louisiana. The Authority participates in a program administered by this board member's state office. The Authority's contract with this agency can be renewed on a year-to-year basis unless the Authority is found to be non compliant with the provisions of the contract. A separate office within the State monitors the program. During board meetings in which matters arise related to this contract, the board member abstains from voting.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
 SEPTEMBER 30, 2007

ASSETS

	Business Activities	Section 8-Special Allocations Program	Community Development Block Grants	Home Investment Partnerships	Opportunities For Youth	Section 8 Mod Rehabilitation	Low Rent Public Housing	Revitalization of Severely Distressed
<u>Current Assets</u>								
Cash and Cash Equivalents	\$ 7,767	\$ 275,404	\$ -	\$ 59,976	\$ -	\$ -	\$ 183,690	\$ -
Accounts Receivable - Grants	-	-	-	27,302	17,682	-	19,397	147,611
Accounts Receivable - Other	-	-	-	-	-	-	2,129,223	-
Tenants Accounts Receivable	-	2,131	-	-	-	-	51,544	-
Allowance for Doubtful Accounts	-	(1,201)	-	-	-	-	(1,193)	-
Prepaid Costs	-	9,589	-	-	-	-	168,028	91,158
Inventory	-	-	-	-	-	-	122,311	-
Interprogram	669	-	487	-	-	115,043	147,966	7,239
Total Current Assets	8,436	286,923	487	87,278	17,682	115,043	2,820,966	246,008
<u>Non-current Assets</u>								
<u>Restricted Assets</u>								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Total Restricted Assets	-	-	-	-	-	-	-	-
<u>Capital Assets</u>								
Land	110,500	166,100	39,744	-	-	-	3,275,672	2,080,430
Buildings and Improvements	785,335	2,377,029	233,720	-	-	-	42,508,547	5,235,643
Furniture & Equipment	-	5,020	-	-	-	-	410,813	49,366
Construction in Progress	-	139,987	-	-	-	-	339,519	-
(Less): Accumulated Depreciation	895,835	2,688,136	273,464	-	-	-	46,534,551	7,365,439
	(253,053)	(973,693)	-	-	-	-	(33,854,640)	(33,351)
Net Capital Assets	642,782	1,714,443	273,464	-	-	-	12,679,911	7,332,088
<u>Other Assets</u>								
Prepaid Costs - Long Term	-	-	-	-	-	-	-	15,193
Total Other Assets	-	-	-	-	-	-	-	15,193
Total Assets	\$ 651,218	\$ 2,000,366	\$ 273,951	\$ 87,278	\$ 17,682	\$ 115,043	\$ 15,500,877	\$ 7,593,289

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
 SEPTEMBER 30, 2007

ASSETS

	Resident Opportunity Support	Housing Choice Vouchers Program	Capital Fund Program	Disaster Voucher Program	State/ Local	Other Federal Program 2	Disaster Housing Assistance Grant	Component Units	Total
<u>Current Assets</u>									
Cash and Cash Equivalents	\$ -	\$ 3,906,196	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 162,581	\$ 4,595,614
Accounts Receivable - Grants	5,018	-	185,257	369,039	-	-	-	-	771,306
Accounts Receivable - Other	-	63,731	-	-	16,338	-	-	-	2,209,292
Tenants Accounts Receivable	-	-	-	-	-	-	-	-	53,675
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	(2,394)
Prepaid Costs	-	22,820	-	-	-	-	-	-	291,595
Inventory	-	-	-	-	-	-	-	-	122,311
Interprogram	-	-	-	1,136,282	-	-	1,609,733	-	3,017,419
Total Current Assets	5,018	3,992,747	185,257	1,505,321	16,338	-	1,609,733	162,581	11,058,818
<u>Non-current Assets</u>									
<u>Restricted Assets</u>									
Cash and Cash Equivalents	-	2,358,427	-	-	-	-	-	-	2,358,427
Total Restricted Assets	-	2,358,427	-	-	-	-	-	-	2,358,427
<u>Capital Assets</u>									
Land	-	-	-	-	-	-	-	560,149	6,232,595
Buildings and Improvements	-	390,646	1,189,159	-	-	-	-	-	52,720,079
Furniture & Equipment	-	174,100	10,879	-	-	-	-	-	650,178
Construction in Progress	10,447	-	513,165	-	-	-	-	1,889,230	2,892,348
(Less): Accumulated Depreciation	10,447	564,746	1,713,203	-	-	-	-	2,449,379	62,495,200
Net Fixed Assets	-	(509,487)	(113,575)	-	-	-	-	-	(35,737,799)
Total Capital Assets	10,447	55,259	1,599,628	-	-	-	-	2,449,379	26,757,401
<u>Other Assets</u>									
Prepaid Costs - Long Term	-	-	-	-	-	-	-	-	15,193
Total Other Assets	-	-	-	-	-	-	-	-	15,193
Total Assets	\$ 15,465	\$ 6,406,433	\$ 1,784,885	\$ 1,505,321	\$ 16,338	\$ -	\$ 1,609,733	\$ 2,611,960	\$ 40,189,839

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2007**

<u>LIABILITIES AND NET ASSETS</u>	Section 8-		Community Development Block Grants	Home Investment Partnerships	Opportunities For Youth	Section 8 Mod Rehabilitation	Low Rent Public Housing	Revitalization of Severely Distressed
	Business Activities	Special Allocations Program						
Liabilities								
<u>Current Liabilities</u>								
Accounts Payable	\$ 350	\$ 11,199	\$ -	\$ -	\$ 1,211	\$ -	\$ 255,902	\$ 49,076
Accounts Payable - HUD	-	-	-	-	-	1,888	-	-
Accrued Wages and Payroll Taxes	-	4,492	487	46	2,613	46	79,033	11,257
Accrued Compensated Absences	-	2,295	-	-	-	-	47,406	-
Accrued Interest Payable	-	-	-	-	-	-	-	-
Tenant Security Deposits	-	6,412	-	-	-	-	85,675	-
Deferred Revenues	-	-	-	16,865	-	-	-	200,868
Other Current Liabilities	-	-	-	-	-	-	5,024	-
Current Portion of Long Term Debt	19,390	33,750	-	-	-	-	-	-
Interprogram Payable	-	56,583	-	70,367	13,858	-	-	-
Total Current Liabilities	19,740	114,731	487	87,278	17,682	1,934	473,040	261,201
<u>Long Term Liabilities</u>								
Long Term Debt	442,335	455,625	-	-	-	-	-	-
Accrued Compensated Absences	-	756	-	-	-	-	91,070	-
Noncurrent Liabilities - Other	-	-	-	-	-	-	-	-
Total Long Term Liabilities	442,335	456,381	-	-	-	-	91,070	-
Total Liabilities	462,075	571,112	487	87,278	17,682	1,934	564,110	261,201
<u>Net Assets</u>								
Investment in Capital Assets								
Net of Related Debt	181,057	1,225,068	273,464	-	-	-	12,679,911	7,332,088
Restricted Net Assets	8,086	204,186	-	-	-	-	-	-
Unrestricted Net Assets	189,143	1,429,254	273,464	-	-	113,109	2,256,856	-
Total Net Assets	\$ 651,218	\$ 2,000,366	\$ 273,951	\$ 87,278	\$ 17,682	\$ 115,043	\$ 15,500,877	\$ 7,593,289

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM
SEPTEMBER 30, 2007**

<u>LIABILITIES AND NET ASSETS</u>	Resident Opportunity Support		Housing Choice Voucher Program		Capital Fund Program		Disaster Voucher Program		State/Local		Other Federal Program 2		Disaster Housing Assistance Grant		Component Units		<u>Total</u>
		\$		\$		\$		\$		\$		\$		\$		\$	
Liabilities																	
<u>Current Liabilities</u>																	
Accounts Payable		\$ -		\$ -		\$ 135,594		\$ -		\$ -		\$ -		\$ 1,472		\$ 988,657	\$ 1,443,461
Accounts Payable - HUD		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,888
Accrued Wages and Payroll Taxes		-	20,603	-	2,319	-	4,528	-	2,320	-	-	-	3,358	-	-	-	131,102
Accrued Compensated Absences		-	14,783	-	-	-	-	-	-	-	-	-	-	-	-	-	64,484
Accrued Interest Payable		-	-	-	-	-	-	-	-	-	-	-	-	-	40,560	-	40,560
Tenant Security Deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	92,087
Deferred Revenues		-	765,231	-	-	-	-	-	-	-	-	-	1,106,825	-	-	-	2,089,789
Other Current Liabilities		-	13,525	-	-	-	-	-	-	-	-	-	-	-	-	-	18,549
Current Portion of Long Term Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	53,140
Interprogram Payable		5,018	2,810,231	-	47,344	-	-	-	14,018	-	-	-	-	-	-	-	3,017,419
Total Current Liabilities		5,018	3,624,373	-	185,257	-	4,528	-	16,338	-	-	-	1,111,655	-	1,029,217	-	6,952,479
<u>Long Term Liabilities</u>																	
Long Term Debt		-	-	-	-	-	-	-	-	-	-	-	-	-	1,580,000	-	2,477,960
Accrued Compensated Absences		-	28,956	-	-	-	-	-	-	-	-	-	-	-	-	-	120,782
Noncurrent Liabilities - Other		-	117,797	-	-	-	-	-	-	-	-	-	-	-	-	-	117,797
Total Long Term Liabilities		-	146,753	-	-	-	-	-	-	-	-	-	-	-	1,580,000	-	2,716,539
Total Liabilities		5,018	3,771,126	-	185,257	-	4,528	-	16,338	-	-	-	1,111,655	-	2,609,217	-	9,669,018
Net Assets																	
Investment in Capital Assets																	
Net of Related Debt		10,447	55,259	-	1,599,628	-	-	-	-	-	-	-	-	-	2,743	-	23,359,665
Restricted Net Assets		-	2,240,630	-	-	-	-	-	-	-	-	-	-	-	-	-	2,240,630
Unrestricted Net Assets		-	339,418	-	-	-	1,500,793	-	-	-	-	-	498,078	-	-	-	4,920,526
Total Net Assets		10,447	2,635,307	-	1,599,628	-	1,500,793	-	-	-	-	-	498,078	-	2,743	-	30,520,821
Total Liabilities and Net Assets		\$ 15,465	\$ 6,406,433	\$ 1,784,885	\$ 1,505,321	\$ 16,338	\$ -	\$ 1,609,733	\$ 2,611,960	\$ 40,189,839							

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF INCOME, EXPENSES AND CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Business Activities	Section 8-Special Allocations Program	Community Development Block Grants	Home Investment Partnerships	Opportunities For Youth	Section 8 Mod Rehabilitation	Low Rent Public Housing	Revitalization of Severely Distressed
<u>Operating Revenues</u>								
Dwelling Rent	\$ -	\$ 21,039	\$ -	\$ -	\$ -	\$ -	\$ 1,717,973	\$ -
Operating Grants	-	443,388	14,866	290,751	113,549	78,635	2,145,517	569,623
Other Revenue	64,218	82,997	-	-	2,330	-	107,635	-
Total Operating Revenues	64,218	547,424	14,866	290,751	115,879	78,635	3,971,125	569,623
<u>Operating Expenses</u>								
Administrative	10,366	95,291	-	11,130	115,879	10,896	841,109	569,623
Tenant Services	-	2,982	-	-	-	-	32,711	-
Utilities	-	68,260	-	214	-	197	1,345,476	-
Maintenance and Operations	-	134,842	-	45	-	44	1,571,546	-
Protective Services	-	31,220	-	-	-	-	-	-
General Expense	-	40,255	-	687	-	746	526,728	-
Housing Assistance Payments	-	-	-	278,675	-	65,760	-	-
Depreciation	39,267	180,561	-	-	-	-	989,453	-
Total Operating Expenses	49,633	553,411	-	290,751	115,879	77,643	5,307,023	11,473
Operating Income (Loss)	14,585	(5,987)	14,866	-	-	992	(1,335,898)	(11,473)
<u>Non-Operating Revenues (Expenses)</u>								
Investment Income	-	12,519	-	-	-	4,787	87	-
Interest Expense on Capital Debt	(37,609)	-	-	-	-	-	-	-
Gain (Loss) on Impairment	-	-	-	-	-	-	444,794	-
Total Non-Operating Rev/(Exp)	(37,609)	12,519	-	-	-	4,787	444,881	-
Increase (decrease) before								
Capital Contributions and Transfers	(23,024)	6,532	14,866	-	-	5,779	(891,017)	(11,473)
Capital Contributions	-	-	-	-	-	-	-	4,000,954
Operating Transfers in (Out)	-	-	-	-	-	-	200,000	-
Increase (Decrease) in Net Assets	(23,024)	6,532	14,866	-	-	5,779	(691,017)	3,989,481
Net Assets, Beginning	212,167	1,422,722	258,598	-	-	107,330	14,050,677	3,342,607
Net Asset Transfers	-	-	-	-	-	-	1,577,107	-
Net Assets, Ending	\$ 189,143	\$ 1,429,254	\$ 273,464	\$ -	\$ -	\$ 113,109	\$ 14,936,767	\$ 7,332,088

**THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
SCHEDULE OF INCOME, EXPENSES AND CHANGES IN NET ASSETS BY PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2007**

	Resident Opportunity Support	Housing Choice Vouchers	Capital Fund	Disaster Voucher	State/ Local	Other Federal Program 2	Disaster Housing Assistance Grant	Component Units	Total
<u>Operating Revenues</u>									
Dwelling Rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 1,739,012
Operating Grants	20,744	13,977,384	514,042	8,313,517	46,324	-	497,595	-	27,025,935
Other Revenue	-	-	-	-	-	-	-	-	257,180
Total Operating Revenue	20,744	13,977,384	514,042	8,313,517	46,324	-	497,595	-	29,022,127
<u>Operating Expenses</u>									
Administrative	20,744	1,110,151	314,042	254,498	3,514	9,349	5,220	-	3,371,812
Tenant Services	-	-	-	-	42,810	-	-	-	78,503
Utilities	-	10,371	-	3,430	-	-	-	-	1,427,948
Maintenance and Operations	-	16,860	-	722	-	-	-	-	1,724,059
Protective Services	-	-	-	-	-	-	-	-	31,220
General Expense	-	147,234	-	11,959	-	-	-	-	727,609
Housing Assistance Payments	-	11,558,719	-	7,281,484	-	-	-	-	19,184,638
Depreciation	-	22,450	113,575	-	-	-	-	-	1,356,779
Total Operating Expenses	20,744	12,865,785	427,617	7,552,093	46,324	9,349	5,220	-	27,902,568
Operating Income (Loss)	-	1,111,599	86,425	761,424	-	(9,349)	492,375	-	1,119,559
<u>Non-Operating Revenue (Expenses)</u>									
Investment Income	-	82,949	-	38,328	-	-	5,703	2,743	147,116
Interest Expense on Capital Debt	-	-	-	-	-	-	-	-	(37,609)
Gain (Loss) on Impairment	-	-	-	-	-	-	-	-	444,794
Total Non-Operating Rev/(Exp)	-	82,949	-	38,328	-	-	5,703	2,743	554,301
Increase (decrease) before Capital Contributions and Transfers	-	1,194,548	86,425	799,752	-	(9,349)	498,078	2,743	1,673,860
Capital Contributions	-	-	578,087	-	-	-	-	-	4,579,041
Operating Transfers In (Out)	-	-	(200,000)	-	-	-	-	-	-
Increase (Decrease) in Net Assets	-	1,194,548	464,512	799,752	-	(9,349)	498,078	2,743	6,252,901
Net Assets, Beginning	10,447	1,440,759	2,466,534	701,041	-	255,038	-	-	24,267,920
Net Asset Transfers	-	-	(1,331,418)	-	-	(245,689)	-	-	-
Net Assets, Ending	\$ 10,447	\$ 2,635,307	\$ 1,599,628	\$ 1,500,793	\$ -	\$ -	\$ 498,078	\$ 2,743	\$ 30,520,821

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

SUMMARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED SEPTEMBER 30, 2007

EXPENDITURES

Low Rent Public Housing Expenditures	
Total CFDA Number 14.850a	<u>\$ 2,145,517</u>
Revitalization of Severely Distressed Public Housing	
Total CFDA Number 14.866	<u>4,570,577</u>
Resident Opportunity and Supportive Services	
Total CFDA Number 14.870	<u>20,744</u>
Section 8 Housing Choice Vouchers	
Total CFDA Number 14.871	<u>13,977,384</u>
Public Housing Capital Fund Program	
Total CFDA Number 14.872	<u>1,092,129</u>
Section 8 Housing Assistance Payments Program Special Allocations	
Total CFDA Number 14.195	<u>443,388</u>
Community Development Block Grants	
Total CFDA Number 14.218	<u>14,866</u>
HOME Investment Partnerships Program	
Total CFDA Number 14.239	<u>290,751</u>
Opportunities for Youth - Youthbuild Program	
Total CFDA Number 14.243	<u>113,549</u>
Section 8 Moderate Rehabilitation Single Room Occupancy	
Total CFDA Number 14.249	<u>78,635</u>
Disaster Voucher Program	
Total CFDA Number 14.DVP	<u>8,313,517</u>
Total HUD Expenditures	<u>31,061,057</u>
Disaster Housing Assistance Program	
Total CDFA Number 97.109	<u>497,595</u>
Total Federal Emergency Management Agency Expenditures	<u>497,595</u>
TOTAL FEDERAL EXPENDITURES	<u><u>\$ 31,558,652</u></u>

Accounting Policies:

The information on this schedule is prepared in accordance with accounting principles as described in the footnotes to this report.

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

SECTION 8
 RAP PROGRAM
 SPECIAL ALLOCATIONS
 14.185

ASSETS	BUSINESS ACTIVITIES	HAP PROGRAM SPECIAL ALLOCATIONS	COMMUNITY DEVELOPMENT BLOCK GRANTS	HOME INVESTMENT PARTNERSHIPS	OPPORTUNITIES FOR YOUTH/ YOUTHFUL	SECTION 8 MOD REHAB	LOW RENT PUBLIC HOUSING	REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
		14.185	14.218	14.239	14.243	14.249	14.850A	14.866
CURRENT ASSETS								
CASH								
111 CASH UNRESTRICTED	7,767	269,992	-	59,976	-	-	90,610	-
115 CASH RESTRICTED FOR PAYMENT OF S/T DEBT	-	-	-	-	-	-	-	-
112 CASH RESTRICTED MODERNIZATION AND DEV	-	-	-	-	-	-	-	-
113 CASH OTHER RESTRICTED	-	-	-	-	-	-	-	-
114 CASH TENANT SECURITY DEPOSIT	-	6,412	-	-	-	-	93,080	-
100 TOTAL CASH	7,767	275,404	-	59,976	-	-	183,690	-
ACCOUNTS AND NOTES RECEIVABLE								
121 A/R - PEA PROJECTS	-	-	-	-	-	-	-	-
122 A/R - RUD PROJECTS	-	-	-	-	17,682	-	-	-
124 A/R - OTHER GOVT	-	-	-	27,302	-	-	19,397	147,611
125 A/R - MISC	-	-	-	-	-	-	2,129,223	-
126 A/R - TENANTS DWELLING RENT	-	2,131	-	-	-	-	51,544	-
126.1 ALLOWANCE FOR D A - TENANTS	-	(1,201)	-	-	-	-	(1,193)	-
126.2 ALLOWANCE FOR D A - OTHER	-	-	-	-	-	-	-	-
127 NOTES AND MORTGAGES RECEIVABLE	-	-	-	-	-	-	-	-
128 FRAUD RECOVERY	-	-	-	-	-	-	-	-
128.1 ALLOWANCE FOR FRAUD RECOVERY	-	-	-	-	-	-	-	-
129 ACCRUED INTEREST RECEIVABLE	-	-	-	-	-	-	-	-
120 TOTAL RECEIVABLES NET OF ALLOW	-	930	-	27,302	17,682	-	2,198,971	147,611
CURRENT INVESTMENTS								
131 INVESTMENTS - UNRESTRICTED	-	-	-	-	-	-	-	-
135 INVESTMENTS RESTRICTED FTH S/T DEBT	-	-	-	-	-	-	-	-
132 INVESTMENTS - RESTRICTED	-	-	-	-	-	-	-	-
142 PREPAID COSTS	-	9,589	-	-	-	-	168,028	91,158
143 INVENTORIES - MATERIALS	-	-	-	-	-	-	122,311	-
143.1 ALLOWANCE FOR OBSOLETE INV	-	-	-	-	-	-	-	-
144 INTERPROGRAM DUE FROM	669	-	487	-	-	115,043	147,966	7,239
146 AMOUNTS TO BE PROVIDED	-	-	-	-	-	-	-	-
150 TOTAL CURRENT ASSETS	8,436	285,923	487	87,278	17,682	115,043	2,820,966	246,008
NONCURRENT ASSETS								
FIXED ASSETS								
151 LAND	110,500	166,100	39,744	-	-	-	3,275,672	2,060,430
152 INFRASTRUCTURE	-	-	-	-	-	-	-	-
162 BUILDINGS	785,335	1,162,700	10,078	-	-	-	37,683,547	5,055,530
163 FURNITURE & EQUIPMENT - DWELLINGS	-	-	-	-	-	-	-	-
164 FURNITURE & EQUIPMENT - ADMINISRA	-	5,020	-	-	-	-	410,813	49,366
165 LEASEHOLD IMPROVEMENTS	-	1,214,329	223,642	-	-	-	4,825,000	180,113
167 CONSTRUCTION IN PROGRESS	-	139,987	-	-	-	-	339,519	-
166 ACCUMULATED DEPRECIATION	(253,053)	(973,693)	-	-	-	-	(33,854,640)	(33,351)
160 TOTAL FIXED ASSETS, NET OF DEPR	642,782	1,714,443	273,464	-	-	-	12,679,911	7,332,068
171 NOTES & MORTGAGES RECEIVABLE - N/C	-	-	-	-	-	-	-	-
172 NOTES & MORTGAGES RECEIVABLE - PD	-	-	-	-	-	-	-	-
173 GRANTS RECEIVABLE - NONCURRENT	-	-	-	-	-	-	-	-
174 OTHER ASSETS	-	-	-	-	-	-	-	15,193
176 INVESTMENT IN JOINT VENTURES	-	-	-	-	-	-	-	-
180 TOTAL NONCURRENT ASSETS	642,782	1,714,443	273,464	-	-	-	12,679,911	7,347,261
190 TOTAL ASSETS	651,218	2,000,366	273,951	87,278	17,682	115,043	15,500,877	7,593,269

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

SECTION 8

HAP PROGRAM

SPECIAL

ALLOCATIONS

14.195

COMMUNITY DEVELOPMENT

BLOCK GRANTS

14.218

HOME INVESTMENT PARTNERSHIPS

14.239

OPPORTUNITIES FOR YOUTH/ YOUTHBUILD

14.243

SECTION 8 MOD REPAIR

14.249

LOW RENT PUBLIC HOUSING

14.850A

RENTALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING

14.866

LIABILITIES AND EQUITY	BUSINESS ACTIVITIES	HAP PROGRAM SPECIAL ALLOCATIONS	COMMUNITY DEVELOPMENT BLOCK GRANTS	HOME INVESTMENT PARTNERSHIPS	OPPORTUNITIES FOR YOUTH/ YOUTHBUILD	SECTION 8 MOD REPAIR	LOW RENT PUBLIC HOUSING	RENTALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
		14.195	14.218	14.239	14.243	14.249	14.850A	14.866
CURRENT LIABILITIES								
311 BANK OVERDRAFT								
312 A/P < 90 DAYS	350	11,199			1,211		255,902	49,076
313 A/P > 90 DAYS								
321 ACCRUED WAGES/PAYROLL TAXES PAYABLE		4,492	487	46	2,613	46	79,033	11,257
322 ACCRUED COMPENSATED ABSENCES		2,295					47,406	
324 ACCRUED CONTINGENCY LIABILITY								
325 ACCRUED INTEREST PAYABLE								
331 ACCOUNTS PAYABLE - HUD PHA PROGRAMS						1,888		
332 ACCOUNTS PAYABLE - PHA PROJECTS								
333 ACCOUNTS PAYABLE OTHER GOV'T								
341 TENANT SECURITY DEPOSIT		6,412					85,675	
342 DEFERRED REVENUES			16,865					200,868
343 CURRENT PORTION OF LT DEBT CAPITAL	19,390	33,750						
344 CURRENT PORTION OF LT DEBT OPERATING								
348 LOAN LIABILITIES - CURRENT								
345 OTHER CURRENT LIABILITIES							5,034	
346 ACCRUED LIABILITIES - OTHER								
347 INTERPROGRAM DUE TO		56,583		70,367	13,858			
310 TOTAL CURRENT LIABILITIES	19,740	114,731	487	87,278	17,682	1,934	473,040	281,201
NONCURRENT LIABILITIES								
351 LONG TERM DEBT NET OF CURRENT CAPITAL	442,335	455,625						
352 LONG TERM DEBT NET OF CURRENT OPERATING								
354 LONG TERM PORTION OF COMPENSATED ABSENC		756					91,070	
355 LOAN LIABILITIES - OTHER								
353 NONCURRENT LIABILITIES OTHER								
350 TOTAL NONCURRENT LIABILITIES	442,335	456,381					91,070	
300 TOTAL LIABILITIES	462,075	571,112	487	87,278	17,682	1,934	564,110	281,201
EQUITY								
501 INVESTMENT IN GENERAL FIXED ASSETS								
CONTRIBUTED CAPITAL								
502 PROJECT NOTES (HUD)								
503 LONG TERM DEBT - HUD GUARANTEE								
504 NET HUD PHA CONTRIBUTIONS								
505 OTHER HUD CONTRIBUTIONS								
507 OTHER CONTRIBUTIONS								
508 TOTAL CONTRIBUTED CAPITAL								
508.1 INVESTMENT IN CAPITAL ASSETS	181,057	1,225,068	273,464				12,679,911	7,332,088
RESERVED FUND BALANCE								
509 RESERVED FOR OPERATING ACTIVITIES								
510 RESERVED FOR CAPITAL ACTIVITIES								
511 TOTAL RESERVED BALANCE								
511.1 RESTRICTED NET ASSETS								
512 UNRESTRICTED FUND BALANCE/R/E	6,086	204,186				113,109	2,256,856	
512.1 UNRESTRICTED NET ASSETS	189,143	1,429,254	273,464			113,109	14,936,767	7,332,088
513 TOTAL EQUITY	651,218	2,000,366	273,951	87,278	17,682	115,043	15,500,877	7,332,889
600 TOTAL LIABILITIES AND EQUITY								

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

SECTION 8

	BUSINESS ACTIVITIES	HAP PROGRAM SPECIAL ALLOCATIONS	COMMUNITY DEVELOPMENT BLOCK GRANTS	HOME INVESTMENT PARTNERSHIPS	OPPORTUNITIES FOR YOUTH/YOUTHBUILD	SECTION 8 MOD REHAB	LOW RENT PUBLIC HOUSING	REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
		14,195	14,218	14,239	14,243	14,249	14,850a	14,866
703 NET TENANT RENTAL REVENUE	-	21,039	-	-	-	-	1,517,072	-
704 TENANT REVENUE - OTHER	-	-	-	-	-	-	200,901	-
705 TOTAL TENANT REVENUE	-	21,039	-	-	-	-	1,717,973	-
706 HUD PHA GRANTS	-	443,388	-	-	113,548	78,635	2,145,517	569,623
706.1 CAPITAL GRANTS RECEIVED	-	-	-	-	-	-	-	4,000,954
707 OTHER GOVT GRANTS	-	-	14,866	290,751	-	-	-	-
710 SEC 8 INCOME	-	-	-	-	-	-	-	-
711 INVESTMENT INCOME - UNRESTRICTED	-	12,519	-	-	-	4,787	-	87
712 MORTGAGE INTEREST INCOME	-	-	-	-	-	-	-	-
714 FRAUD RECOVERY	-	-	-	-	2,330	-	-	-
715 OTHER REVENUE	64,218	82,997	-	-	-	-	107,635	-
716 GAIN OR LOSS ON THE SALE OF FIXED ASSETS	-	-	-	-	-	-	-	-
720 INVESTMENT INCOME - RESTRICTED	-	-	-	-	-	-	-	-
700 TOTAL REVENUE	64,218	559,943	14,866	290,751	115,879	83,422	3,971,212	4,570,577
EXPENSES								
ADMINISTRATIVE								
911 ADMINISTRATIVE SALARIES	-	30,482	-	7,678	29,096	7,372	481,215	123,247
912 AUDITING FEES	-	2,600	-	523	-	-	-	-
913 OUTSIDE MANAGEMENT FEES	-	28,605	-	-	-	-	-	-
914 COMPENSATED ABSENCES	-	-	-	-	-	-	23,491	-
915 EMPLOYEE BENEFIT CONTRIBUTION	-	8,522	-	1,538	-	1,512	112,057	-
916 OTHER OPERATING ADMINISTRATIVE SERVICES	10,166	25,082	-	1,391	86,783	2,012	224,346	446,376
921 TENANT SERVICES SALARIES	-	2,752	-	-	-	-	25,496	-
922 RELOCATION COSTS	-	-	-	-	-	-	-	-
923 EMPLOYEE BENEFIT CONTRIBUTION	-	230	-	-	-	-	6,827	-
924 TENANT SERVICES OTHER UTILITIES	-	-	-	-	-	-	388	-
931 WATER	-	-	-	-	-	-	5	-
932 ELECTRICITY	-	10,377	-	5	-	5	79,771	-
933 GAS	-	14,835	-	196	-	179	686,597	-
934 FUEL	-	3	-	7	-	8	295,853	-
935 LABOR	-	-	-	6	-	-	-	-
937 EMPLOYEE BENEFIT CONTRIBUTION UTILITY OTHER UTILITIES	-	-	-	-	-	-	-	-
938 ORDINARY MAINTENANCE & OPERATION	-	43,045	-	-	-	5	283,255	-
941 ORDINARY MAINT AND OF LABOR	-	-	-	-	-	-	-	-
942 ORDINARY MAINTENANCE AND OF MATERIALS	-	71,776	-	-	-	-	824,021	-
943 ORDINARY MAINTENANCE AND OF CONTRACT	-	20,365	-	-	-	-	119,593	-
945 EMPLOYEE BENEFIT CONTRIBUTION PROTECTIVE SERVICES	-	19,939	-	45	-	44	376,639	-
951 PROTECTIVE SERVICES - LABOR	-	12,862	-	-	-	-	221,349	-
952 PROTECTIVE SERVICES - OTHER CONTRACT COSTS	-	31,220	-	-	-	-	-	-
953 PROTECTIVE SERVICES - OTHER GENERAL EXPENSES	-	-	-	-	-	-	-	-
955 EMPLOYEE BENEFIT CONTRIBUTION F9	-	-	-	-	-	-	-	-
961 INSURANCE PREMIUMS	-	-	-	-	-	-	-	-
962 OTHER GENERAL EXPENSE	-	34,307	-	687	-	746	417,717	-
963 PAYMENTS IN LIEU OF TAXES	-	-	-	-	-	-	-	-
964 BAD DEBT - TENANT	-	-	-	-	-	-	-	-
965 BAD DEBT - MORTGAGES	-	5,948	-	-	-	-	109,011	-
966 BAD DEBT - OTHER	-	-	-	-	-	-	-	-
967 INTEREST EXPENSE	37,609	-	-	-	-	-	-	-

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

	SECTION 8				SECTION 8 MOD REHAB	LOW RENT PUBLIC HOUSING	REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING
	BUSINESS ACTIVITIES	HAP PROGRAM SPECIAL ALLOCATIONS	COMMUNITY DEVELOPMENT BLOCK GRANTS	HOME INVESTMENT PARTNERSHIPS			
966 SEVERANCE EXPENSE	-	-	-	-	-	-	-
969 TOTAL OPERATING EXPENSES	47,975	362,950	-	12,076	11,893	4,287,626	589,633
970 EXCESS OPERATING REVENUE OVER OF EXP	16,243	196,993	14,866	278,675	71,539	(316,414)	4,000,954
971 EXTRAORDINARY MAINTENANCE	-	9,900	-	-	-	29,944	-
972 CASUALTY LOSSES - NON CAPITALIZED	-	-	-	-	-	-	-
973 HAP	-	-	-	278,675	65,760	-	-
974 DEPRECIATION EXPENSE	39,267	180,561	-	-	-	989,453	11,473
975 FRAUD LOSSES	-	-	-	-	-	-	-
976 CAPITAL OUTLAYS GOVT FUNDS	-	-	-	-	-	-	-
977 DEBT PRINCIPAL PAYMENT GOVT FUNDS	-	-	-	-	-	-	-
978 DWELLING UNITS RENT EXPENSE	-	-	-	-	-	-	-
900 TOTAL EXPENSES	87,242	553,411	-	230,751	77,643	5,307,023	581,096
1001 OPERATING TRANSFERS IN	-	-	-	-	-	-	-
1002 OPERATING TRANSFERS OUT	-	-	-	-	-	200,000	-
1006 PROFITS FROM PROPERTY SALES	-	-	-	-	-	-	-
1007 EXTRAORDINARY ITEMS (NET GAIN/LOSS)	-	-	-	-	-	-	-
1008 SPECIAL ITEMS (NET GAIN/LOSS)	-	-	-	-	-	444,794	-
1010 TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	644,794	-
1000 EXCESS REVENUE OVER EXPENSES	(23,024)	6,532	14,866	-	5,779	(691,017)	3,989,481
1103 BEGINNING EQUITY	212,167	1,422,722	258,598	-	107,330	14,050,677	3,342,607
1104 EQUITY TRANSFERS	-	-	-	-	-	1,577,107	-
1104 PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-	-
1101 CAPITAL OUTLAYS ENTERPRISE FUND	169,143	1,429,254	273,464	-	113,109	14,936,767	7,332,088
ENDING EQUITY	-	-	-	-	-	-	-
1120 GROSS # UNITS	-	984	-	-	288	13,500	-
1121 # UNIT MONTHS LEASED	-	916	-	-	261	9,952	-
1117 ADMINISTRATIVE FEE EQUITY	-	-	-	-	-	-	-
1118 HOUSING ASSISTANCE PAYMENTS EQUITY	-	-	-	-	-	-	-

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

ASSETS	RESIDENT OPPORTUNITY & SUPPORTIVE SERVICES		PUBLIC HOUSING		DISASTER HOUSING		DISASTER HOUSING		TOTAL
	14,870	14,871	14,872	14,872	14,872	14,872	14,872	97,109	
CURRENT ASSETS									
CASH									
111 CASH UNRESTRICTED			3,906,196						4,496,132
115 CASH RESTRICTED FOR PAYMENT OF S/T DEBT									
112 CASH RESTRICTED MODERNIZATION AND DEV									
113 CASH OTHER RESTRICTED			2,358,427						2,358,427
114 CASH TENANT SECURITY DEPOSIT									99,492
100 TOTAL CASH			6,264,623						6,954,041
ACCOUNTS AND NOTES RECEIVABLE									
121 A/R - PHA PROJECTS									
122 A/R - HUD PROJECTS	5,018		185,257						724,607
124 A/R - OTHER GOVT			109,785						171,822
125 A/R - MISC									2,129,233
126 A/R - TENANTS DWELLING RENT									53,675
126.1 ALLOWANCE FOR D A - TENANTS									(2,394)
126.2 ALLOWANCE FOR D A - OTHER									(45,054)
127 NOTES AND MORTGAGES RECEIVABLE									
128 FRAUD RECOVERY									
128.1 ALLOWANCE FOR FRAUD RECOVERY									
129 ACCRUED INTEREST RECEIVABLE									
120 TOTAL RECEIVABLES NET OF ALLOW	5,018		63,731						3,031,879
CURRENT INVESTMENTS									
131 INVESTMENTS - UNRESTRICTED									
135 INVESTMENTS RESTRICTED FINE S/T DEBT									
132 INVESTMENTS - RESTRICTED									
143 PREPAID COSTS			22,820						291,595
143 INVENTORIES - MATERIALS									122,311
143.1 ALLOWANCE FOR OBSOLETE INV									
144 INTERPROGRAM DUE FROM									3,017,419
146 AMOUNTS TO BE PROVIDED									
150 TOTAL CURRENT ASSETS	5,018		6,351,174						13,417,245
NONCURRENT ASSETS									
FIXED ASSETS									
161 LAND									
169 INFRASTRUCTURE									560,149
162 BUILDINGS			390,646						6,232,595
163 FURNITURE & EQUIPMENT - DWELLINGS			174,100						46,247,602
164 FURNITURE & EQUIPMENT - ADMIN/STAFF									650,178
165 LEASEHOLD IMPROVEMENTS									6,472,477
167 CONSTRUCTION IN PROGRESS	10,447		513,165						2,892,348
166 ACCUMULATED DEPRECIATION			(509,487)						(35,737,799)
160 TOTAL FIXED ASSETS, NET OF DEPR	10,447		55,259						2,449,379
171 NOTES & MORTGAGES RECEIVABLE - M/C									
172 NOTES & MORTGAGES RECEIVABLE - PD									
173 GRANTS RECEIVABLE - NONCURRENT									
174 OTHER ASSETS									15,193
176 INVESTMENT IN JOINT VENTURES									
180 TOTAL NONCURRENT ASSETS	10,447		55,259						2,449,379
190 TOTAL ASSETS	15,465		6,406,433						2,611,960
									40,189,839

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

	RESIDENT OPPORTUNITY & SUPPORTIVE SERVICES 14,870	HOUSING CHOICE VOUCHERS 14,871	PUBLIC HOUSING CAPITAL FUND 14,872	DISASTER VOUCHER 14,877	STATE/ LOCAL	OTHER FEDERAL PROGRAM 2	DISASTER HOUSING ASSISTANCE GRANT 97,109	COMPONENT UNITS	TOTAL
LIABILITIES AND EQUITY									
CURRENT LIABILITIES									
311 BANK OVERDRAFT	-	-	-	-	-	-	-	-	-
312 A/P < 90 DAYS	-	-	135,594	-	-	-	1,472	988,657	1,443,461
313 A/P > 90 DAYS	-	-	-	-	-	-	-	-	-
321 ACCRUED WAGE/PAYROLL TAXES PAYABLE	-	20,603	2,319	4,528	2,320	-	3,358	-	131,102
322 ACCRUED COMPENSATED ABSENCES	-	14,783	-	-	-	-	-	-	64,484
324 ACCRUED CONTINGENCY LIABILITY	-	-	-	-	-	-	-	-	-
325 ACCRUED INTEREST PAYABLE	-	-	-	-	-	-	-	40,560	40,560
331 ACCOUNTS PAYABLE - HUD PRA PROGRAMS	-	-	-	-	-	-	-	-	1,888
332 ACCOUNTS PAYABLE - PRA PROJECTS	-	-	-	-	-	-	-	-	-
333 ACCOUNTS PAYABLE OTHER GOVT	-	-	-	-	-	-	-	-	-
341 TENANT SECURITY DEPOSIT	-	-	-	-	-	-	-	-	-
342 DEFERRED REVENUES	-	765,231	-	-	-	-	1,106,825	-	92,087
343 CURRENT PORTION OF LT DEBT CAPITAL	-	-	-	-	-	-	-	-	2,089,789
344 CURRENT PORTION OF LT DEBT OPERATING	-	-	-	-	-	-	-	-	53,140
348 LOAN LIABILITIES - CURRENT	-	-	-	-	-	-	-	-	-
345 OTHER CURRENT LIABILITIES	-	13,525	-	-	-	-	-	-	18,549
346 ACCRUED LIABILITIES - OTHER	-	-	-	-	-	-	-	-	-
347 INTERPROGRAM DUE TO	5,018	2,810,231	47,344	-	14,018	-	-	-	3,017,419
310 TOTAL CURRENT LIABILITIES	5,018	3,624,373	185,237	4,528	16,338	-	1,111,655	1,029,217	6,954,479
NONCURRENT LIABILITIES									
351 LONG TERM DEBT NET OF CURRENT CAPITAL	-	-	-	-	-	-	-	1,580,000	2,477,960
352 LONG TERM DEBT NET OF CURRENT OPERATING	-	-	-	-	-	-	-	-	-
354 LONG TERM DEBT NET OF COMPENSATED ABSENC	-	28,956	-	-	-	-	-	-	120,782
355 LOAN LIABILITIES - OTHER	-	-	-	-	-	-	-	-	-
353 NONCURRENT LIABILITIES OTHER	-	117,797	-	-	-	-	-	-	117,797
350 TOTAL NONCURRENT LIABILITIES	-	146,753	-	-	-	-	-	1,580,000	2,716,439
300 TOTAL LIABILITIES	5,018	3,771,126	185,237	4,528	16,338	-	1,111,655	2,609,217	9,669,018
EQUITY									
501 INVESTMENT IN GENERAL FUND ASSETS	-	-	-	-	-	-	-	-	-
CONTRIBUTED CAPITAL									
502 PROJECT NOTES (HUD)	-	-	-	-	-	-	-	-	-
503 LONG TERM DEBT - HUD GUARANTEE	-	-	-	-	-	-	-	-	-
504 NET HUD PRA CONTRIBUTIONS	-	-	-	-	-	-	-	-	-
505 OTHER HUD CONTRIBUTIONS	-	-	-	-	-	-	-	-	-
507 OTHER CONTRIBUTIONS	-	-	-	-	-	-	-	-	-
508 TOTAL CONTRIBUTED CAPITAL	-	-	-	-	-	-	-	-	-
508.1 INVESTMENT IN CAPITAL ASSETS	10,447	55,259	1,599,628	-	-	-	-	2,743	23,359,665
RESERVED FUND BALANCE	-	-	-	-	-	-	-	-	-
509 RESERVED FOR OPERATING ACTIVITIES	-	-	-	-	-	-	-	-	-
510 RESERVED FOR CAPITAL ACTIVITIES	-	-	-	-	-	-	-	-	-
511 TOTAL RESERVED BALANCE	-	2,240,630	-	-	-	-	-	-	-
511.1 RESTRICTED NET ASSETS	-	-	-	-	-	-	-	-	-
512 UNDESIGNATED FUND BALANCE/R/E	-	339,418	-	1,500,793	-	-	498,078	-	4,920,526
512.1 UNDESIGNATED NET ASSETS	-	2,635,307	1,599,628	1,500,793	-	-	498,078	2,743	30,520,821
513 TOTAL EQUITY	10,447	6,406,433	1,784,885	1,505,321	16,338	-	1,609,733	2,611,960	60,189,839
600 TOTAL LIABILITIES AND EQUITY	15,465	10,177,559	3,470,122	3,110,642	32,676	-	2,721,388	5,221,177	120,858,857

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

703 NET TENANT RENTAL REVENUE	RESIDENT			PUBLIC			DISASTER			TOTAL
	OPPORTUNITY & SUPPORTIVE SERVICES	HOUSING CHOICE VOUCHERS	HOUSING CAPITAL FUND	DISASTER VOUCHER	STATE/LOCAL	OTHER FEDERAL PROGRAM 2	HOUSING ASSISTANCE GRANT	COMPONENT UNITS		
	14,870	14,871	14,872	14,277			97,109			
704 TENANT REVENUE - OTHER	-	-	-	-	-	-	-	-	1,538,111	
705 TOTAL TENANT REVENUE	-	-	-	-	-	-	-	-	360,901	
706 HUD PHA GRANTS	20,744	13,977,384	514,042	8,313,517	-	-	-	-	1,739,012	
706.1 CAPITAL GRANTS RECEIVED	-	-	578,087	-	-	-	-	-	26,176,399	
708 OTHER GOVT GRANTS	-	-	-	-	46,324	-	497,595	-	4,579,041	
710 SEC 8 INCOME	-	-	-	-	-	-	-	-	849,536	
711 INVESTMENT INCOME - UNRESTRICTED	-	82,949	-	38,328	-	-	5,703	2,743	147,116	
712 MORTGAGE INTEREST INCOME	-	-	-	-	-	-	-	-	-	
714 FRAUD RECOVERY	-	-	-	-	-	-	-	-	-	
715 OTHER REVENUE	-	-	-	-	-	-	-	-	257,180	
716 GAIN OR LOSS ON THE SALE OF FIXED ASSETS	-	-	-	-	-	-	-	-	-	
720 INVESTMENT INCOME - RESTRICTED	-	-	-	-	-	-	-	-	-	
700 TOTAL REVENUE	20,744	14,060,333	1,092,129	8,351,845	46,324	-	503,298	2,743	33,748,284	
EXPENSES										
ADMINISTRATIVE										
911 ADMINISTRATIVE SALARIES	-	650,747	9,795	147,354	-	-	3,313	-	1,534,638	
912 AUDITING FEES	4,339	27,199	-	7,799	-	-	-	-	38,121	
913 OUTSIDE MANAGEMENT FEES	-	-	-	-	-	-	-	-	28,605	
914 COMPENSATED ABSENCES	-	-	-	-	-	-	-	-	23,491	
915 EMPLOYEE BENEFIT CONTRIBUTION	-	391,416	-	27,389	-	-	46	-	342,480	
916 OTHER OPERATING ADMINISTRATIVE	16,405	200,789	304,247	71,956	3,514	9,349	1,861	-	1,404,477	
TENANT SERVICES										
921 TENANT SERVICES SALARIES	-	-	-	-	39,140	-	-	-	67,388	
922 RELOCATION COSTS	-	-	-	-	-	-	-	-	-	
923 EMPLOYEE BENEFIT CONTRIBUTION	-	-	-	-	-	-	-	-	-	
924 TENANT SERVICES OTHER	-	-	-	-	3,670	-	-	-	10,727	
UTILITIES										
931 WATER	-	249	-	82	-	-	-	-	90,489	
932 ELECTRICITY	-	9,409	-	3,338	-	-	-	-	714,354	
933 GAS	-	431	-	117	-	-	-	-	296,419	
934 FUEL	-	282	-	93	-	-	-	-	381	
935 LABOR	-	-	-	-	-	-	-	-	-	
937 EMPLOYEE BENEFIT CONTRIBUTION UTILITY	-	-	-	-	-	-	-	-	-	
938 OTHER UTILITIES	-	-	-	-	-	-	-	-	-	
ORDINARY MAINTENANCE & OPERATION										
941 ORDINARY MAINT AND OF LABOR	-	-	-	-	-	-	-	-	326,305	
942 ORDINARY MAINTENANCE AND OF MATERIALS	-	-	-	-	-	-	-	-	895,797	
943 ORDINARY MAINTENANCE AND OF CONTRACT	-	16,860	-	722	-	-	-	-	139,958	
945 EMPLOYEE BENEFIT CONTRIBUTION	-	-	-	-	-	-	-	-	414,249	
PROTECTIVE SERVICES										
951 PROTECTIVE SERVICES - LABOR	-	-	-	-	-	-	-	-	-	
952 PROTECTIVE SERVICES - OTHER CONTRACT COSTS	-	-	-	-	-	-	-	-	31,220	
953 PROTECTIVE SERVICES - OTHER	-	-	-	-	-	-	-	-	-	
955 EMPLOYEE BENEFIT CONTRIBUTION PS	-	-	-	-	-	-	-	-	-	
GENERAL EXPENSES										
961 INSURANCE PREMIUMS	-	99,185	-	11,959	-	-	-	-	564,601	
962 OTHER GENERAL EXPENSES	-	2,995	-	-	-	-	-	-	2,995	
963 PAYMENTS IN LIEU OF TAXES	-	-	-	-	-	-	-	-	-	
964 BAD DEBT - TENANT	-	-	-	-	-	-	-	-	114,259	
965 BAD DEBT - MORTGAGES	-	-	-	-	-	-	-	-	-	
966 BAD DEBT - OTHER	-	45,054	-	-	-	-	-	-	45,054	
967 INTEREST EXPENSE	-	-	-	-	-	-	-	-	37,609	

THE HOUSING AUTHORITY OF EAST BATON ROUGE PARISH
 EAST BATON ROUGE, LOUISIANA
 FINANCIAL DATA SCHEDULE
 SEPTEMBER 30, 2007

	RESIDENT OPPORTUNITY & SERVICES		HOUSING CHOICE VOUCHERS		HOUSING CAPITAL FUND		DISASTER VOUCHER		STATE/LOCAL		OTHER FEDERAL PROGRAM 2		DISASTER HOUSING ASSISTANCE GRANT		COMPONENT UNITS	TOTAL
	14,870	20,744	14,871	1,284,616	14,872	314,042	14,872	14,872	46,324	9,349	97,109	9,349	5,220	2,743		
968																
969																
970																
971																
972																
973																
974																
975																
976																
977																
978																
990																
1001																
1002																
1006																
1007																
1008																
1010																
1000																
1103																
1104																
1104																
1101																
1101																
1120																
1121																
1117																
1118																

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

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

SEPTEMBER 30, 2007

Section I: Summary of Auditor's Results:

FINANCIAL STATEMENTS

Type of auditor's report issued: Unqualified
Internal Control over financial reporting:
Are material weaknesses identified? Yes No
Are significant deficiencies that are not considered
to be material weaknesses identified? Yes No
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 No
Type of report issued on compliance with requirements
applicable to each major program: Unqualified
Are there any audit findings that are required to be
reported in accordance with Section 510(a) of OMB
Circular A-133? Yes No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA No.</u>
Low Rent Public Housing	14.850a
Revitalization of Severely Distressed Public Housing	14.866
Section 8 Housing Choice Vouchers	14.871
Disaster Voucher Program	14.DVP

Dollar threshold used to distinguish between type A and type B programs: \$946,760

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

SEPTEMBER 30, 2007

Section II: Financial Statement Findings:

Summary Schedule of Prior Year Findings:

None

Current Year Findings and Questioned Costs:

None

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

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
CONTINUED

SEPTEMBER 30, 2007

Section III: Federal Awards Findings & Questioned Costs:

Summary Schedule of Prior Year Findings:

Finding 06 - 01 – Tier II Comprehensive Review

Low Rent Public Housing – CFDA No. 14.850a and Section 8 Housing Choice Vouchers – CFDA No. 14.871; Grant period – year ended September 30, 2006

Condition & Cause

HUD conducted a Tier II Comprehensive Review of the Authority during the period of June 19 through June 29, 2006. The Tier II Comprehensive Review consisted of a Rental Integrity Monitoring (RIM) Review, an Upfront Income Verification (UIV) Review, Community Service/Self Sufficiency Requirement (CSSR) Review and an Exigent Health and Safety (EH&S) Review. The report issued June 29, 2006 contained the following findings:

- 1) RIM Review - 2 of the 27 Low Rent tenant files reviewed contained income or child support miscalculations, and 3 of 37 Section 8 tenant files reviewed did not have documentation of 3rd party income verifications.
- 2) UIV Review – Of the five Low Rent tenant files and five Section 8 tenant files reviewed, all were missing documentation that the Authority had attempted to resolve income discrepancies. The Authority's staff has not been utilizing the Excess Threshold report and investigating potential income discrepancies.
- 3) UIV Review - The Authority (both Low Rent and Section 8 programs) does not have an Enterprise Income Verification (EIV) security policy therefore security requirements and procedures outlined in the UIV Monitoring Report are not adhered to and followed.
- 4) UIV Review - The Authority (both Low Rent and Section 8 programs) does not have a designated Security Officer or equivalent (outlined in the UIV Manual and Monitoring Report).
- 5) UIV Review - The Authority (Section 8 program only) does not have a key control log to track the inventory of keys available to staff.
- 6) CSSR Review – The Authority (Low Rent program only) is not in compliance with the Community Service Requirement. The PHA has not contacted any agencies for the residents to perform community service. None of the residents are performing community service.
- 7) EH&S Review – HUD reviewed five properties formerly inspected by REAC on March 3, 2005, to confirm that all deficiencies observed during initial inspection were corrected within the 24-hour requirement. Three of five property deficiencies had not been corrected. For each of the three properties, the Director of Management notified the tenant of the deficiency of blocked egress and this deficiency has not been corrected.

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

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
CONTINUED

SEPTEMBER 30, 2007

Section III: Federal Awards Findings & Questioned Costs - Continued:

Summary Schedule of Prior Year Findings – Continued:

Finding 06 - 01 – Tier II Comprehensive Review – Continued:

Current Year Status

HUD has cleared the Authority of all of the Review Findings.

Current Year Findings and Questioned Costs

Finding 07 - 01 – Management and Occupancy Review

Section 8 Housing Assistance Payments – Special Allocations Program – CFDA No. 14.195; Grant period – year ended September 30, 2007

Criteria:

The Code of Federal Regulations and HUD guidelines give the requirements for selecting tenants and maintaining the tenant files for the Section 8 Housing Assistance Payments – Special Allocations Program. Specifically, HUD Handbook 4350.3, Rev. 1, describes waiting list documentation procedures and minimal tenant file documentation required to be maintained by the PHA to comply with federal regulations.

Condition & Cause

The Louisiana Housing Finance Agency conducted a Management and Occupancy Review of the Authority during May 2007. The report issued June 4, 2007, contained the following findings:

- 1) Tenant selection plan does not include all the required criteria
- 2) Waiting list does not provide auditable records of applicant additions, selections, withdrawals and rejections
- 3) One tenant file was missing Racial and Ethnicity Certifications for 2 dependents
- 4) Two tenant files were missing criminal background/ drug screenings
- 5) Four tenant files contained leases which were not signed by all required parties
- 6) Four tenant files contained 50059 forms which were not signed by all required parties
- 7) Five tenant files were missing verification of Social Security Numbers
- 8) Two tenant files were missing Declaration of Citizenship forms for some household members
- 9) Three tenant files were missing verification of age documentation

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

SCHEDULE OF FINDINGS
AND QUESTIONED COSTS
CONTINUED

SEPTEMBER 30, 2007

Section III: Federal Awards Findings & Questioned Costs - Continued:

Summary Schedule of Current Year Findings – Continued:

Finding 07 - 01 – Management and Occupancy Review - Continued

Recommendation

We recommend the Authority make the following corrective actions as outlined by the Louisiana Housing Finance Authority:

- 1) Revise tenant selection plan according to the regulations set forth in the HUD Handbook 4350.3
- 2) Make waiting list format and associated practices more auditable by developing a method to maintain documentation of the waiting list composition, application status, and actions taken
- 3) Offer tenants the opportunity to sign the HUD-27601-H (Ethnicity and Race Data) form at the application interview or lease signing
- 4) Ensure the follow-through on criminal background/ drug screening investigations and document findings in tenant files
- 5) Obtain lease signed by all adults and place in tenant files
- 6) Ensure that all adult members of households sign the 50059 form
- 7) Properly verify the social security numbers of tenants at the initial certification
- 8) Determine the applicant's citizenship or immigration status during the initial eligibility determination and obtain the required documentation
- 9) Verify information that is provided on the application form to ensure that available subsidy is provided to families that are eligible under program rules

Reply & Corrective Action Plan

The Authority has complied with a corrective action plan meeting the recommendations outlined by the Louisiana Housing Finance Authority. Richard Murray, Executive Director, has assumed responsibility for implementing the Corrective Action Plan.

YEAGER & BOYD

CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants
Member Alabama Association of Certified Public Accountants
Quality Reviewed

June 16, 2008

Mr. Richard Murray, Executive Director
Board of Commissioners
Housing Authority of the City of East Baton Rouge Parish
4731 North Blvd.
Baton Rouge, LA 70806

Dear Mr. Murray and Board Members:

The purpose of this management letter is to communicate to you matters which do not warrant being placed as formal findings in the audit report, yet need to be communicated to you based on problems encountered during the September 30, 2007 audit.

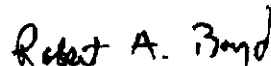
These comments are designed to improve the financial and accounting operations:

2007 Recommendation

Recommendation 1: The Housing Authority failed to meet the six month statutory issue date of the audit report as required by the State of Louisiana. The Authority made an effort to have the audit report issued within the required six month period. However, there was a delay in receiving the financial information of the Component Units of the Authority that was necessary to complete the audit. We recommend the audits of the component units be performed in a timely manner that allows the Authority to meet the six month statutory issue date.

We feel that this recommendation, if implemented, will be helpful in the financial operations of the Housing Authority of the East Baton Rouge Parish.

Very Truly Yours,



Robert A. Boyd, CPA

YEAGER & BOYD

CERTIFIED PUBLIC ACCOUNTANTS

Member American Institute of Certified Public Accountants
Member Alabama Association of Certified Public Accountants
Quality Reviewed

June 16, 2008

Suzanne S. Elliott, Engagement Manager
Office of Legislative Auditor
1600 North Third Street
PO Box 94397
Baton Rouge, LA 70804-9397

Dear Ms. Elliott:

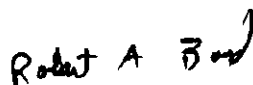
The Housing Authority's Corrective Action Plan for the Management Letter Recommendation is as follows:

2007 Recommendation

Recommendation 1: The Housing Authority failed to meet the six month statutory issue date of the audit report as required by the State of Louisiana. The Authority made an effort to have the audit report issued within the required six month period. However, there was a delay in receiving the financial information of the Component Units of the Authority that was necessary to complete the audit. We recommend the audits of the component units be performed in a timely manner that allows the Authority to meet the six month statutory issue date.

Management's Corrective Action Plan: The Housing Authority plans to have the year ended December 31, 2007 audits of their Component Units completed, and the audit reports issued, prior to the beginning of the Authority's audit. The Authority and the Authority's Independent Auditor, will work together to schedule their audit after the audit reports are issued for the Component Units, in order to meet the six month statutory issue date.

Very Truly Yours,



Robert A. Boyd, CPA