JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

JEFFERSON PARISH FINANCE AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Jefferson Parish Finance Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Jefferson Parish Finance Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The *Schedule of Assets, Liabilities and Net Position by Program, Schedule of Revenues, Expenses and Changes in Net Position by Program, Schedule of Cash Flows by Program, Schedule of Operating Expenses, Schedule of Board Members' Compensation* and *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *Schedule of Assets, Liabilities and Net Position by Programs, Schedule of Revenues, Expenses and Changes in Net Position by Program, Schedule of Cash Flows by Program, Schedule of Operating Expenses, Schedule of Board Members' Compensation* and *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the *Schedule of Assets, Liabilities and Net Position by Programs, Schedule of Revenues, Expenses and Changes in Net Position by Program, Schedule of Cash Flows by Program, Schedule of Operating Expenses, Schedule of Board Members' Compensation* and *Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer* are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
May 8, 2019

INTRODUCTION

This section of the Jefferson Parish Finance Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance during the fiscal years that ended December 31, 2018 and 2017, and should be used in conjunction with the Authority's financial statements which follow this section. Throughout the financial report, dollar amounts will be expressed in thousands, unless otherwise noted.

The Authority is a public trust that was established in 1979 and has helped many realize the dream of home ownership for four decades. Currently, the Authority offers two down payment assistance programs with a variety of options associated with each. The Southern Mortgage Assistance Program (SMAP) is the FHA, VA, and USDA Rural Development option. The Lagniappe Advantage Program (LAP) is the conventional option. Both programs offer 3% or 4% of down payment assistance based on the borrower's loan payment. If using LAP, the borrower can also opt for the 0% down payment assistance option to take advantage of a reduced interest rate.

Prior to the drop in market interest rates, the Authority issued bonds to assist Jefferson Parish residents in obtaining mortgage loans. Currently the only outstanding bond program is the 2009ACF program. The Authority did not issue bonds during the fiscal years 2018 and 2017.

In the Authority's recent history, a tactical plan to evaluate and roll-up bond programs at each program's peak time of profitability was executed. A aging bond program becomes susceptible to a loss in value as mortgages associated with it are prepaid and refinanced. Rolling up the bond programs before they depreciated in value was a vital decision. That income earned from bond roll-ups has and will continue to allow the Authority to sustain itself during weak points in the bond industry.

It should be noted the income generated from roll-ups is realized within the year a roll-up takes place. The Authority's financial statements reflect this. The intent is for that income to last for several years to contend with the lean times that were forecast.

The Authority has built is income efficiently with the goal of possessing sufficient reserves (net position) should a market slow down occur.

The Authority utilizes unrestricted investment earnings and bond issuer fees to support operations.

The Authority is a component unit of the Parish of Jefferson, Louisiana.

FINANCIAL HIGHLIGHTS

2018

The Authority's net position represents 47% of its total assets. With total assets approximating $22 Million, the Authority had a decrease in net position of approximately $517 thousand for the year ended December 31, 2018.

FINANCIAL HIGHLIGHTS (Continued)

2018 (Continued)

The Authority's financial highlights include:

- In 2018, the SMAP and LAP programs created $26 thousand in revenues. The Authority utilizes its current operational budget and administration to support this program.
- The Authority's net position decreased by $526 thousand. $426 thousand of the decrease due to the depreciation in fair market value of investments and mortgage backed securities. The remaining decrease due to the excess of expenses over revenues during the fiscal year.
- The Authority's total assets decreased by $2.3 million primarily due to the payments made on outstanding bonds payable.
- The Authority's total liabilities decreased by $1.7 million primarily due to the payments on the outstanding bonds payable in the fiscal year.

For the year ended December 31, 2018 the Authority's financial highlights also include a reduction in operating expenses in the 1991 program as seen in the chart below. The 1991 program reflects the all activities of the Authority except for the Bond programs.

Jefferson Parish Finance Authority
1991 Program (Operations other than Bond Program)
Operating Expenses
(in thousands)

	2018	2017	Increase (Decrease)
Trustee fees	23	27	(4)
Salaries	280	340	(60)
Board Per Diem	37	57	(20)
Insurance	46	52	(6)
Professional Fees	23	69	(46)
Advertising	27	33	(6)
Rent	25	19	6
Parish assessment	17	-	17
Other expenses	25	43	(18)
Total Operating Expenses	503	640	(137)

FINANCIAL HIGHLIGHTS (Continued)

2017

The Authority's net position represents 44% of its total assets. With total assets approximating $24 Million, the Authority had an increase in net position of approximately $253 thousand for the year ended December 31, 2017.

The Authority's financial highlights include:

- In 2017, the SMAP (Southern Mortgage Assistance Program) program created $103 thousand in revenues. The Authority utilizes its current operational budget and administration to support this program.
- The Authority's net position increased by $253 thousand due to the excess of revenues over expense during the fiscal year.
- The Authority's total assets decreased by $13 million primarily due to the sale of mortgage-backed securities, the proceeds of which were used to redeem bonds during the fiscal year.
- The Authority's total liabilities decreased by $13 million primarily due to the redemption of bonds in the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and supplementary information.

The financial statements provide both long-term and short-term information about the Authority's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

The Authority's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under the basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statements of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the Authority are included in the Statements of Net Position.

The Statements of Net Position reports the Authority's net position. Net Position, the difference between the Authority's assets and liabilities, is one way to measure the Authority's financial health or position.

FINANCIAL ANAYLSIS OF THE AUTHORITY

Net Position

2018

The Authority's total net position at December 31, 2018, decreased by $526 to $10,331 a decrease of 5% from December 31, 2017. (See Table A-1) Total assets decreased by $2,274 due primarily to a decrease in mortgage-backed securities of $2,465 and an increase in investment securities at fair value of $601. Liabilities decreased by $1,748 due to the decrease in bonds payable of $1,610 and decrease in other liabilities of $138.

Jefferson Parish Finance Authority
Table A-1
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Cash and cash equivalents	$ 390	$ 755	$ (365)
Investments	8,391	7,790	601
Mortgage-backed securities	13,001	15,466	(2,465)
Other assets	351	396	(45)
Total assets	$ 22,133	$ 24,407	$ (2,274)
Other liabilities	$ 162	$ 300	$ (138)
Bonds payable	11,640	13,250	(1,610)
Total liabilities	11,802	13,550	(1,748)
Net position			
Restricted for debt	405	710	(305)
Unrestricted			
Undesignated	1,761	1,644	117
Designated	8,165	8,503	(338)
Total net position	10,331	10,857	(526)
Total liabilities and net position	$ 22,133	$ 24,407	$ (2,274)

FINANCIAL ANALYSIS (Continued)

Net Position

2017

The Authority's total net position at December 31, 2017, increased to $10,857, an increase of 2% from December 31, 2016. (See Table A-2) Total assets decreased by $13,001 due primarily to a decrease in mortgage-backed securities of $7,419 and decrease in investment securities at fair value of $4,957. During 2017 the Authority liquidated investments of $5,970 and mortgage-backed securities of $5,406 in the bond programs 2007B, 2007C, and 2008B. These liquidations were used to decrease bonds in these respective programs in the amount of $10,941. Liabilities decreased by $13,254 due to the decrease in bonds payable of $13,206 and decrease in other liabilities of $48.

Jefferson Parish Finance Authority
Table A-2
(in thousands of dollars)

	2017	2016	Increase (Decrease)
Cash and cash equivalents	$ 755	$ 1,164	$ (409)
Investments	7,790	12,747	(4,957)
Mortgage-backed securities	15,466	22,885	(7,419)
Other assets	396	612	(216)
Total assets	$ 24,407	$ 37,408	$ (13,001)
Other liabilities	$ 300	$ 348	$ (48)
Bonds payable	13,250	26,456	(13,206)
Total liabilities	13,550	26,804	(13,254)
Net position			
Restricted for debt	710	1,681	(971)
Unrestricted			
Undesignated	1,644	968	676
Designated	8,503	7,955	548
Total net position	10,857	10,604	253
Total liabilities and net position	$ 24,407	$ 37,408	$ (13,001)

FINANCIAL ANALYSIS (Continued)

Changes in Net Position

2018

As seen in Table A-3, operating revenues decreased $1,123 or 77% to $333. This decrease in revenue was due to the reduction of income from mortgage backed securities of $610 thousand primarily from programs which were rolled-up in 2017 and the $683 thousand reduction of bond premium (other income) recognized when bonds were redeemed in 2017.

Jefferson Parish Finance Authority
Table A-3
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Operating revenues			
Investment income on mortgage loans	$ 506	$ 1,116	$ (610)
(Depreciation) appreciation in fair market value of investments in mortgage backed securities	(426)	(567)	141
Investment income on investment securities	221	192	29
Other	32	715	(683)
Total operating revenues	333	1,456	(1,123)
Operating expenses	859	1,203	(344)
Change in net position	(526)	253	(779)
Total net position, beginning of the year	10,857	10,604	253
Total net position, end of the year	$ 10,331	$ 10,857	$ (526)

As seen in Table A-4, operating expenses decreased by $353 due to a decrease in bond retirement costs and other operating expenses due to a reduction in salaries, board per diems and professional fees.

Jefferson Parish Finance Authority
Table A-4
(in thousands of dollars)

	2018	2017	Increase (Decrease)
Interest on debt	$ 286	$ 355	$ (69)
Bond retirement costs	-	106	(106)
Servicing fees	63	93	(30)
Trustee fees	30	36	(6)
Other operating expenses	480	613	(133)
Total operating expenses	$ 859	$ 1,203	$ (344)

FINANCIAL ANALYSIS (Continued)
Changes in Net Position

2017
As seen in Table A-5, operating revenues decreased by $1,711 or 54% to $1,456. This decrease in revenue is primarily due to the reduction of income from mortgage back securities from programs 2006C, 2006D, and 2007C which were redeemed in 2016. In addition, there was a reduction of income from mortgage backed securities in the 2007B and 2008B programs that were redeemed to reduce the respective bonds associated with those programs. Also, during the year, investment income on mortgage loans and investments increased due to market conditions.

Jefferson Parish Finance Authority
Table A-5
(in thousands of dollars)

	2017	2016	Increase (Decrease)
Operating revenues			
Investment income on mortgage loans	$ 1,116	$ 2,656	$ (1,540)
(Depreciation) appreciation in fair market value of investments in mortgage backed securities	(567)	(1,001)	434
Investment income on investment securities	192	176	16
Other	715	1,336	(621)
Total operating revenues	1,456	3,167	(1,711)
Operating expenses	1,203	2,289	(1,086)
Change in net position	253	878	(625)
Total net position, beginning of the year	10,604	9,726	878
Total net position, end of the year	$ 10,857	$ 10,604	$ 253

As seen in Table A-6, total operating expenses decreased $1,086 due to a decrease in bond interest, bond retirements costs and servicing fees. The decrease in interest payments on debt is due to the redemption of bond programs 2007B, 2007C, and 2008B.

Jefferson Parish Finance Authority
Table A-6
(in thousands of dollars)

	2017	2016	Increase (Decrease)
Interest on debt	$ 355	$ 1,138	$ 783
Bond retirement costs	106	285	179
Servicing fees	93	152	59
Trustee fees	36	46	10
Other operating expenses	613	668	55
Total operating expenses	$ 1,203	$ 2,289	$ 1,086

DEBT ADMINISTRATION

2018

Total indebtedness for bonds payable was $11.6 million as of December 31, 2018, compared to $13.2 million at December 31, 2017. The decrease in bonds payable is the result of routine bond payments made as mortgage loan payments are received. All bond debt covenants have been met.

2017

Total indebtedness for bonds payable was $13 million as of December 31, 2017, compared to $25 million at December 31, 2016. The decrease in bonds payable is the result of payoff of the 2007B, 2007C 2006C and 2008B programs during fiscal year 2017. All bond debt covenants have been met.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority considered the following factors and next year's budget, rates and fees. These factors and indicators include:

- While the Authority successfully reduced its controllable operating expenses, the cost savings were partially offset by a reduction in SMAP/LAP program revenue as well as a large increase in assessments from Jefferson Parish.

- The increase in assessments from Jefferson Parish came as a result of a fair market value study on parish rental property. This study revealed the rental fee for office space for the Authority needed to be increased to fair market value. Also, the indirect costs assessed by the Parish were adjusted by the Finance Department. The Authority will continue to adequately budget for any increases in costs.

- The Authority has seen a decrease in SMAP/LAP revenue as a result of our partner lending institutions establishing similar and more competitive products. The Authority will continue to strategically plan to overcome this trend while keeping costs and expenses at a minimal level.

- In anticipation of potential interest rate increases, the Authority has filed all necessary applications with the State of Louisiana Bond Commission. Should the market conditions turn favorable toward a bond program, the Authority is positioned to act immediately.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Jefferson Parish Finance Authority at (504) 736-6311.

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(In Thousands)
As of December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	$ 390	$ 755
Investment securities at fair value	8,391	7,790
Accrued interest receivable	101	93
Down payment assistance and other receivables	250	303
Mortgage-backed securities	13,001	15,466
Total Assets	$ 22,133	$ 24,407
Liabilities and Net Position		
Liabilities		
Accrued interest payable	$ 23	$ 26
Other liabilities	139	274
Bonds payable	11,640	13,250
Total Liabilities	11,802	13,550
Net Position		
Restricted for debt	405	710
Unrestricted		
Undesignated	1,761	1,644
Designated	8,165	8,503
Total Net Position	10,331	10,857
Total Liabilities and Net Position	$ 22,133	$ 24,407

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(In Thousands)
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Revenues		
Investment income on mortgage backed securities	$ 506	$ 1,116
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(426)	(567)
Investment income on investment securities	221	192
JMAP and SMAP revenue	26	103
Gain on bond premium recognized on early debt retirement	-	606
Other revenue	6	6
Total Operating Revenues	333	1,456
Operating Expenses		
Interest on debt	286	355
Bond retirement costs	-	106
Servicing fees	63	93
Trustee fees	30	36
Other operating expenses	480	613
Total Operating Expenses	859	1,203
Change in Net Position	(526)	253
Net Position at the Beginning of the Year	10,857	10,604
Net Position at the End of the Year	$ 10,331	$ 10,857

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENT OF CASH FLOWS
(In Thousands)
For the Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Cash receipts for:		
Investment income on mortgage loans	$ 513	$ 1,146
Investment income on investment securities	207	179
JMAP and SMAP income	21	103
Jefferson Parish Community Development Program	339	666
Down payment assistance	258	567
Other revenue	4	6
Cash payments for:		
Down payment assistance	(183)	(370)
Interest on debt	(289)	(634)
Jefferson Parish Community Development Program	(439)	(570)
Bond retirement costs	-	(106)
Servicing fees	(63)	(93)
Trustee fees	(30)	(36)
Other operating expenses	(529)	(710)
Net cash (used in) provided by operating activities	(191)	148
Cash flows from noncapital financing activities		
Bond principal payments	(1,610)	(12,028)
Bond premium transferred at redemption	-	(342)
Net cash (used in) provided by noncapital financing activities	(1,610)	(12,370)
Cash flows from investing activities		
Proceeds from sales/matured investment securities	1,042	6,045
Proceeds from sales/matured mortgage backed securities	816	4,556
Proceeds from mortgage loan repayments	1,375	2,938
Acquisition of investment securities	(1,705)	(1,726)
Acquisition of mortgage backed securities	(92)	-
Net cash (used in) provided by investing activities	1,436	11,813
Net (decrease) increase in cash and cash equivalents	(365)	(409)
Cash and cash equivalents at beginning of the year	755	1,164
Cash and cash equivalents at the end of the year	$ 390	$ 755
Reconciliation of changes in net position to net cash used in operating activities		
Changes in net position	$ (526)	$ 253
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:		
Amortization of bond premium and discount	-	(230)
Bond premium recognized on early debt retirement	-	(606)
(Depreciation) appreciation in investments and mortgage backed securities	426	567
(Increase) decrease in assets:		
Change in accrued interest receivable	(8)	(6)
Change in down payment assistance receivable	54	214
Increase (decrease) in liabilities:		
Change in accrued expenses and accounts payable	(32)	(53)
Change in accrued interest payable	(3)	(43)
Change in other liabilities	-	(44)
Change in due to Jefferson Parish Community Development	(102)	96
Net cash (used in) provided by operating activities	$ (191)	$ 148

The accompanying notes are an integral part of these statements.

Note 1. Organization and Summary of Significant Accounting Policies

Authorizing Legislation

The Jefferson Parish Finance Authority (the Authority) is a public trust, created pursuant to the Constitution and Laws of the State of Louisiana, particularly Chapter 2-A of Title 9 of Louisiana Revised Statutes of 1950, as amended, and the Trust Indenture, dated February 9, 1979, with Jefferson Parish Louisiana as beneficiary. Pursuant to the Trust Indenture, the Authority is authorized to undertake various programs to assist in the financing and development of home ownership in the public interest within the boundaries of Jefferson Parish, St Bernard, St. Charles Parish, and St. Tammany Parish all of which are located in Louisiana.

The Authority has the power to designate its management, the ability to significantly influence its operations and primary accountability for its fiscal matters. However, the Council of the Parish of Jefferson appoints the Authority's Board members for a three-year term and thereafter has the ability to remove members of the Authority's Board at will. Consequently, the financial statements of the Authority are included as a component unit of the Parish of Jefferson, Louisiana. This report includes all of the funds of the Authority. The Authority does not receive inter-governmental transfers from Jefferson Parish nor rely on the Parish government for revenues.

The Authority's operating revenues are generated from the following sources: (a) investment income from mortgage backed securities, U.S. Treasury Bills, and Municipal Bonds (b) Bond issuer fee revenue and (c) SMAP/LAP program income

The Authority's operations consist of single family mortgage purchase bond programs and down payment assistance programs. Under the bond programs mortgage loans are pooled and sold to Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) in exchange for mortgage-backed securities on which GNMA, FNMA, or FHLMC guarantees payment of principal and interest when due. These securities are collateralized by the related loans.

Bonds and other obligations issued under the provisions of the Trust Indenture are not a debt or liability of the State of Louisiana, the Parish of Jefferson, or any other political subdivision. The Authority's Board of Trustees is empowered under the Trust Indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the bond program it initiates. In connection with the programs, the Authority utilizes area financial institutions to originate and service the mortgage notes acquired. In addition, a financial institution has been designated as trustee of the individual bond programs and has the fiduciary responsibility for the custody and investment of funds.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The Authority began operations on August 1, 1979, and currently has separate outstanding bond programs as shown with original issuance amounts below:

Authorizing Legislation		
Date	Issue Name	Amount (in thousands)
November 22, 2011	Single Family Mortgage Revenue Bonds, Series 2009A Converted to Fixed Rate (2009ACF Program)	$ 25,000

During the year ended December 31, 2017, the Authority retired the 2007B, 2007C, and 2008B bond programs.

The only outstanding bond program for the fiscal year ending December 31, 2018 was the 20009ACF program.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority has no government or fiduciary funds.

The Authority uses fund accounting to report its financial position and results of operations. The accounts of the Authority are organized on the basis of individual programs. The programs, which are administered by a trustee bank, provide for a separate set of self-balancing accounts which account for bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses. These individual programs are aggregated in the financial statements to comprise the fund of the Authority.

The Authority's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body had decided that the periodic determination of revenues earned, expenses incurred and/or changes in net position is appropriate for capital maintenance.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Cash Equivalents

Cash equivalents consist of all money market accounts and highly-liquid investments with a maturity of three months or less at date of purchase.

Investment Securities

Investments are reported at fair value. Fair value is based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. The investment securities are restricted for the use of the respective programs with the exception of the investment securities in the 1991 Residual Account which are unrestricted.

Bond Retirement Costs

Bond retirement cost, including professional, legal, bond counsel, investment and financial advisory fees, on bonds sold, are expensed as incurred.

Refinancing Gains (Losses)

Gains and losses associated with refundings are advance refundings and are being deferred and amortized as a component of interest expense based upon the methods used to approximate the interest method over the term of the new bonds or the remaining term on any refunded bond, whichever is shorter. The new debt is reported net of the deferred amount on the refunding.

Gain or Loss on Debt Retirement

Gains or losses associated with bond retirement, as shown in the statement of revenues, expenses, and changes in net position, represent the unamortized portion of either the bond premium (gain) or bond discount (loss). The gain or loss on the unamortized portion is recognized when the bonds are retired.

Appreciation (Depreciation) in Fair Market Value

Fluctuations in the fair market value of investments and mortgage backed securities are record as in income or expense in the statement of revenues, expenses, and changes in net position and the statement of cash flows as appreciation (depreciation) in fair market value. GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* requires investments to be recorded at fair value. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties and has been based upon quoted values.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Servicing Fees

Servicing fees are the percentage of each mortgage payment made by a borrower to a mortgage servicer as compensation for keeping a record of payments, collecting and making escrow payments, passing principal and interest payments along to the Authority. Servicing fees are an amount equal to one half of one percent (.50%) of the outstanding principal balances of all the mortgage loans in the pool. The servicing fee is earned monthly by the mortgage servicer.

Issuer Fees

Issuer fees are the periodic fee payable to the issuer (the Authority) under the bond indenture which is payable on the first day of each month and is calculated on the principal amount of the mortgage loans outstanding on the interest payment date. The issuer fee for the 20009ACF program is 0.85% and payable monthly.

Operating Transfers

Operating transfers are made between the bond program(s) and the 1991 program (operations) per the bond indenture. Operating transfers consist of (a) bond issuer fee earned on the program and transferred to the 1991 program, (b) transfer of assets from the bond program(s) once bonds are redeemed and (c) transfer of assets into the bond program to cover the required debt service of the bond program.

Down Payment Assistance Receivable

Down payment assistance receivable represents the outstanding SMAP/LAP down payment assistance grants. SMAP/LAP program offers a 3% and 4% down payment assistance grant. The 3% down payment grant in returned to the Authority when the loan is sold. The SMAP 4% down payment grant is returned to the Authority as follows: (a) 3% when the loan is sold (b) the remaining 1% is returned as the mortgage payments are made on the loan. The 3% down payment grant is returned to the Authority on average approximately 63 days from the loan closing date.

Accrued interest receivable

Accrued interest receivable represents the amount of income earned but not yet collected on the investments such as municipal bonds, U.S. Treasury bills, and mortgage backed securities.

Accrued interest payable

Accrued interest payable represents the amount of interest owed but not yet paid on the outstanding bonds payable.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Estimates

The Authority has made estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the balance sheet in conformity with accounting principles generally accepted in the United States of America. Actual amounts could be different from the estimates.

Compensated Absences

Accumulated vacation and sick leave are accrued as an expense of the period in which incurred. The Parish of Jefferson employees, who work on behalf of the Authority, earn vacation pay and sick pay based upon their length of employment and is earned ratably during the span of employment. Upon termination, these individuals are paid full value for any accrued leave earned.

The amount of compensated absence liability recorded by the Authority was $24.8 thousand and $24.1 thousand for the years ended December 31, 2018 and 2017 respectively.

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities Loan Receivable

Cash, Cash Equivalents and Deposits

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investments are held by the custodial bank as an agent for the Authority, in the Authority's name, and are thereby not exposed to custodial credit risk. The remaining amount of the Authority's cash balances were comprised of cash equivalents that were invested in money market funds, of which the underlying assets are guaranteed investments in securities issued by the U.S. Government.

At December 31, 2018, the Authority had no cash deposits at a local bank in excess of FDIC (Federal Deposit Insurance Corporation) coverage.

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Investments and Mortgage Backed Securities

At December 31, 2018 and 2017, investments were held as specifically required under terms of the Trust Indentures and the State of Louisiana investment laws, more particularly, Louisiana Revised Statutes 33:2955, as amended.

These investments included, but are not limited to: Direct U.S. Treasury obligations, which include but are not limited to (1) U.S. Export-Import Bank; (2) Farmers Home Administration; (3) Federal Financing Bank; (4) Federal Housing Administration Debentures; (5) General Service Administration; (6) Government National Mortgage Association-guaranteed mortgage-backed bonds and guaranteed pass-through obligations; (7) U.S, Maritime Administration-guaranteed Title XI financing, and (8) U.S. Department of Housing and Urban Development as well as U.S. government instrumentalities which obligations include but are not limited to (1) Federal Home Loan Bank System; (2) Federal Home Loan Mortgage Corporation; (3) Federal National Mortgage Association; (4) Student Loan Marketing Association; and (5) Resolution Funding Corporation.

Components of Cash, Investments, and Mortgage Backed Securities

The following are the components of the Authority's cash, investments, and mortgage backed securities at December 31, 2018 and 2017 (in thousands):

	Unrestricted	Restricted	Total
2018			
Cash and cash equivalents	$ 221	$ 169	$ 390
Investments	8,390	-	8,390
Mortgage backed securities	1,033	11,968	13,001
	$ 9,644	$ 12,137	$ 21,781
2017			
Cash and cash equivalents	$ 254	$ 501	$ 755
Investments	7,790	-	$ 7,790
Mortgage backed securities	1,821	13,645	$ 15,466
	$ 9,865	$ 14,146	$ 24,011

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Components of Cash

The following are the components of the Authority's cash and cash equivalents by program at December 31, 2018 and 2017 (in thousands):

	2018 (in thousands)			2017 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash & Cash Equivalents						
1991 Program	$ 215	$ -	$ 215	$ 248	$ -	$ 248
2009ACF Program	-	68	68	-	298	298
HOME Program	6	101	107	6	203	209
Total Cash & Cash Equivalents	$ 221	$ 169	$ 390	$ 254	$ 501	$ 755

Components of Unrestricted Investments

The following are the components of the Authority's unrestricted investments, reported at fair value, by program at December 31, 2018 and 2017 (in thousands):

	2018 (in thousands)			2017 (in thousands)		
	US Treasury Notes	Municipal Bonds	Total	US Treasury Notes/Bills	Municipal Bonds	Total
Unrestricted Investments						
1991 Program	$ 1,522	$ 6,868	$8,390	$ 1,188	$ 6,565	$7,753

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Components of Mortgage Backed Securities

Mortgage backed securities for 2009ACF programs represents mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson.

The GNMA certificates are fully guaranteed by the United States government; the Authority is not responsible for mortgage loan insurance. The FNMA and FHLMC certificates are fully guaranteed by the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation.

The following are the components of the Authority's mortgage-backed securities, reported at fair value, by program at December 31, 2018 and 2017 (in thousands):

	2018 (in thousands)			2017 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Mortgage Backed Securities						
GNMA Certificates						
1991 Program	$ 941	$ -	$ 941	$ 1,721	$ -	$ 1,721
2009ACF Program	-	11,968	11,968	-	13,645	13,645
	941	11,968	12,909	1,721	13,645	15,366
FNMA Certificates						
1991 Program	92	-	92	100	-	100
	92	-	92	100	-	100
Total Mortgage Backed Securities	$ 1,033	$ 11,968	$ 13,001	$ 1,821	$ 13,645	$ 15,466

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Investments and Mortgage Backed Securities - Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The authority manages interest rate risk by matching the expected future maturity of the investments and mortgage backed securities receivable to the expected cash flow needs and bonds payable requirements. The Authority also limits the maximum maturity of investments in accordance with their investment policy.

The following tables shows the Authority's investments and mortgage loan receivable and the related maturities in actively managed accounts at December 31, 2017:

	Remaining Maturity in Years				
	Fair Value	Less Than 1	1-5	5-10	>10
	(in thousands)				
Investments & Mortgage Backed Securities					
U.S. Treasury Notes & Bills	$ 1,522	$ 241	$ 979	$ 294	$ -
Municipal Bonds	6,868	2,219	3,882	622	154
Mortgage-backed securities	13,001	-	94	-	12,907
	$ 21,391	$ 2,460	$ 4,955	$ 916	$ 13,061

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Investments and Mortgage Backed Securities - Interest Rate Risk (Continued)

The Authority's investments in guaranteed investment contracts are not subject to interest rate risk since the financial institutions guarantee the principal and interest on the investment.

The Authority receives a rate equal to the stated interest rate net the .50% servicer/administrator fee retained by the Servicer for GNMA, FNMA, and FHLMC securities. The mortgage loans have stated interest rates to the Authority as follows:

Program	Interest Rates
2009ACF Program	3.40%

Investments - Credit Quality Risk

Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Authority. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not assigned credit quality ratings. Credit quality ratings are reported on obligations of U.S. Government agencies not explicitly guaranteed by the U.S. Government.

Failure of the financial institutions to meet minimum credit ratings requires the institutions to provide collateral to support the investment contract.

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2018. (in thousands of dollars):

S&P Rating	Total	Mortgage-backed Securities
AA+	$ 13,001	$ 13,001
	$ 13,001	$ 13,001

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed Securities (Continued)

Investments and Mortgage Backed Securities - Concentration of Credit Risk

The Authority's Investment Policy does not allow for more than 70% of the total investment portfolio to be invested in Bonds, debentures, notes or otherwise evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America.

As of December 31, 2018, management believes all investments held and purchased for the Authority's portfolio, as it relates to Acts 374 and 1126 (effective June 29,1995) adhered to the permitted investments section of LSA-R.S. 33:2955. In particular, securities held or purchased during the year include only U.S. Treasury Bills, U.S. Treasury Notes, Hancock Horizon Treasury Securities Money Market Funds, and Federated Prime Obligation Funds.

Note 3. Bonds Payable

Bonds payable are as follows at December 31:

	2018	2017
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011-$13,250 due December 1, 2041 at 2.32%.	11,640	13,250
Total bonds payable and premium on bonds payable	$ 11,640	$ 13,250

The Authority is in compliance with its bond covenants at December 31, 2018 and 2017.

Under the Trust Indenture for the 2009ACF program, the Authority has the option to redeem bonds maturing on or after any date as a whole at a redemption price equal to 100% of the principal amount thereof being redeemed, plus interest accrued to the date fixed for redemption.

The bond programs have early bond calls based on the timing of the receipt of mortgage loan principal and interest payments. As excess cash is accumulated, the Authority is required to issue bond calls.

A summary of scheduled bond maturities (in thousands) as of December 31, 2018, is as follows:

	2019	2020	2021	2022	2023	2024 - 2027	Total
Principal:							
2009ACF Program	$1,060	$1,085	$1,110	$1,135	$1,162	$6,088	$11,640
Total due each year	1,060	1,085	1,110	1,135	1,162	6,088	11,640
Interest							
2009ACF Program	270	245	220	195	168	421	1,519
Total due each year	270	245	220	195	168	421	1,519
Total due	$1,330	$1,330	$1,330	$1,330	$1,330	$6,509	$13,159

Note 4. Net Position

The net position included in the 1991 Program (operations program), totaling $9,920 thousand and $10,147 thousand as of December 31, 2018 and 2017, respectively, are for the benefits of all Programs and available to the Authority for its purpose of promoting and providing residential housing in the Parish of Jefferson. Although unrestricted to a particular program, the unrestricted net position must be maintained by the Authority until all bonds and programs are liquidated. The remaining net position is restricted for specific operating uses as described in the trust indentures.

Note 5. Related Party Transactions

The Parish of Jefferson paid employee salaries and related expenses on behalf of the Authority in the amount of (in thousands) $ 310.6 and $423.1 for the years ended December 31, 2018 and 2017, respectively.

As of December 31, 2018 and 2017, the Authority had other liabilities due to the Parish of Jefferson for the employee expenses in the amount of (in thousands) $0.0 and $0.5 respectively.

Note 5. Related Party Transactions (Continued)

The Authority pays the Parish of Jefferson for rent of its office space. The amounts (in thousands) were $23 and $17 for the years ended December 31, 2018 and 2017, respectively.

The Authority pays the Parish of Jefferson for security. The amounts (in thousands) were $7 and $7 for years ended December 31, 2018 and 2017, respectively.

Beginning in the year ended December 31, 2018 the Authority was charged by the Parish of Jefferson indirect costs totaling $17 thousand.

For the year ended December 31, 2018 the Authority paid the Parish of Jefferson $2.7 thousand for software and telephone charges.

In 2016, the Authority entered into a cooperative endeavor agreement with the Parish of Jefferson. The Authority on behalf of the Parish of Jefferson's Department of Community Development shall wire funds of the HOME investment Partnerships Program. This endeavor continued in 2018.

Note 6. Audit by the Jefferson Parish Office of Inspector General

The Authority was subject to an audit by the Jefferson Parish Office of Inspector General (OIG) and in October 2017 received their public audit report. The OIG noted findings with respect to the intergovernmental activities between the Authority and Jefferson Parish, best practice policies, and other matters. In November 2017, the Authority responded to each of the findings made by the OIG. The authority agreed with certain matters as noted by the OIG and began addressing those matters. While the Authority disagreed with certain findings, the acknowledge the OIG's efforts. The OIG's findings and the Authority's update regarding those findings are noted below.

OIG Finding #1 JPFA Employees Misclassified as Parish Employees

> Update:
> In September 2018, the Authority and Jefferson Parish executed an intergovernmental agreement (IGA) regarding the classification of employees. Employees of the Authority, with the exception of the Executive Director, as of January 1, 2018 will be recognized as Jefferson Parish civil service positions, until those existing employees vacate their position. Any new employees hired after January 1, 2018 will solely be employees of the Authority. The IGA provides for Jefferson Parish to be the paymaster for the Authority and administer employee benefits.

OIG Finding #2 Executive Director Misclassification as a Parish Employee

> Update:
> In 2017, a new Executive Director was hired. The employment contract executed between the newly hired Executive Director and the Authority acknowledges the Executive Director position is solely employed by the Authority and not Jefferson Parish.

Note 6. Audit by the Jefferson Parish Office of Inspector General (Continued)

OIG Finding #3 Retention of the Assistant Director as a Parish Employee

Update:
The Assistant Director retired in November 2017. The position has been eliminated by the Authority. As a result of the Assistant Director's position being eliminated, the administrative assistant has assumed responsibility of the tasks once performed the assistant director. In 2019, the Authority is engaged in a job study (comprehensive position questionnaire) performed the Jefferson Parish personnel department regarding the duties of the administrative assistant.

OIG Finding #4 Parish Retirement Benefits

Update:
As stated above in Finding #1, employees of the Authority prior to January 1, 2018 will be recognized as Jefferson Parish civil service positions. These employees will continue to participate in the Parochial Employees Retirement System of Louisiana (PERSLA) as members. The PERSLA benefit for these employees is funded 100% by the Authority.

In 2018, the Authority received communication from PERSLA that the Executive Director was not an eligible member of PERSLA. In October 2018, the Authority ceased contributing to PERSLA on behalf of the Executive Director. Monies that were contributed to PERSLA by the Authority for the Executive Director prior to October 2018 were returned to the Authority in February 2019.

There is an intent by the Authority to seek admittance to PERSLA for their employees, as the Authority is a public trust. There is language in a bill to be brought to the Louisiana Legislature to allow employees of a public trust to participate in PERSLA.

The Executive Director is currently contributing to the Social Security retirement program until disposition is made at the Louisiana legislative level.

OIG Finding #5 Excessive Trustee Per Diem Payments

Update:
In March 2018, the Authority adopted a resolution to amend their by-laws to hold regular meetings of the Board of Trustees from weekly to the first and third Monday of each month. The Jefferson Parish Council adopted a resolution in April 2018 to approve the amendment of the by-laws of the Authority.

OIG Finding #6 Travel Expenses

Update:
In 2018, the Authority adopted an updated policy and procedure manual which included a travel policy.

Note 6. Audit by the Jefferson Parish Office of Inspector General (Continued)

OIG Finding #7 Professional Service Fees

Update:
In 2018, the Authority adopted an updated policy and procedure manual which included contracting for professional services. In addition, the Authority advertised statements of qualifications for the professional services and executed new agreements with each.

OIG Finding #8 Premium Pricing to Borrowers – SMAP

Update:
The Authority modified the disclosure to borrowers in 2015 regarding a potential higher interest rate by participating in the down payment assistance program. No further action has been taken by the Authority regarding this finding.

OIG Finding #9 Overpaid HOME Fund Service Fees

Update:
In 2016, the Authority returned Jefferson Parish Community Development those funds identified for marketing services. In June 2018 executed a cooperative endeavor agreement to continue to wire funds on behalf of Jefferson Parish Community Development. The Authority's fee for this wire transfer service is ½ the hourly salary rate of the employee processing the wire request.

OIG Finding #10 Agency Financial Position and Future Sustainability

Update:
The Authority continues to adopt a conservative budget to reflect the Authority's operations and comply with Louisiana state law. The ultimate goal is for the Authority to offer tax-exempt bond programs when favorable market conditions return.

OIG Finding #11 Questionable Operating Transfers

Update:
In 2018, operating transfers from the 2009ACF bond program for issuer fees to the 1991 program continued per the bond indenture.

In 2019, the Authority passed a resolution to require board approval for all transfers into the Authority's checking account from other unrestricted accounts.

OIG Finding #12 Governance

Update:
As noted previously, the Authority and Jefferson Parish entered into an IGA to codify the Parish services and benefits.

Note 7. Operating Leases

In 2018, the Authority entered into an operating lease agreement with Jefferson Parish for the purpose of leasing office space for a rate of $19.00 per square foot for an annual rent of $26,562 payable in equal monthly installments. The lease is for an initial term of eight months effective May 2018 and thereafter for a full term of three years. The lease provides for two three year options to renew.

The following is a schedule of future minimum lease payments for the operating lease:

Year Ended December 31,	Amount
2019	$26,562
2020	$26,562
2021	$26,562
	$79,686

Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 8, 2019, and determined the following item should be disclosed.

In 2019, the Authority passed a resolution to require board approval for all transfers into the Authority's checking account from other unrestricted accounts.

Monies that were contributed to PERSLA by the Authority for the Executive Director prior to October 2018 were returned to the Authority in February 2019.

There is a intent by the Authority to seek admittance to PERSLA for their employees, as the Authority is a public trust. There is language in a bill to be brought to 2019 spring session of the Louisiana Legislature to allow employees of a public trust to participate in PERSLA.

As a result of the Assistant Director's position being eliminated, the administrative assistant has assumed responsibility of the tasks once performed the assistant director. In 2019, the Authority is engaged in a job study (comprehensive position questionnaire) performed the Jefferson Parish personnel department regarding the duties of the administrative assistant.

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 1
SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION BY PROGRAM
(In Thousands)
As of December 31, 2018

	1991 Program	2009ACF Program	HOME Program	Total
Assets				
Cash and cash equivalents	$ 215	$ 68	$ 107	$ 390
Investment securities at fair value	8,391	-	-	8,391
Accrued interest receivable	69	32	-	101
Down payment assistance and other receivables	250	-	-	250
Mortgage-backed securities	1,033	11,968	-	13,001
Total Assets	$ 9,958	$ 12,068	$ 107	$ 22,133
Liabilities and Net Position				
Liabilities				
Accrued interest payable	$ -	$ 23	$ -	$ 23
Other liabilities	38	-	101	139
Bonds payable	-	11,640	-	11,640
Total Liabilities	38	11,663	101	11,802
Net Position				
Restricted for debt	-	405	-	405
Unrestricted				
Undesignated	1,761	-	-	1,761
Designated	8,159	-	6	8,165
Total Net Position	9,920	405	6	10,331
Total Liabilities and Net Position	$ 9,958	$ 12,068	$ 107	$ 22,133

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2018

	1991 Program	2009ACF Program	HOME Program	Total
Operating Revenues				
Investment income on mortgage loans	$ 41	$ 465	$ -	$ 506
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(123)	(303)	-	(426)
Investment income on investment securities	220	1	-	221
JMAP and SMAP revenue	26	-	-	26
Other revenue	4	-	2	6
Total Operating Revenues	168	163	2	333
Operating Expenses				
Interest on debt	-	286	-	286
Servicing fees	-	63	-	63
Trustee fees	23	5	2	30
Other operating expenses	480	-	-	480
Total Operating Expenses	503	354	2	859
Change in net assets before other financing sources (uses)	(335)	(191)	-	(526)
Other financing sources (uses)				
Operating transfers (issuer fee)	108	(108)	-	-
Change in Net Assets	(227)	(299)	-	(526)
Net Position at Beginning of Year	10,147	704	6	10,857
Net Position at End of Year	$ 9,920	$ 405	$ 6	$ 10,331

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 3
STATEMENTS OF CASH FLOWS BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2018

	1991 Program	2009ACF Program	HOME Program	Total
Cash flows from operating activities:				
Cash receipts for:				
Investment income on mortgage backed securities	$ 44	$ 469	$ -	$ 513
Investment income on investment securities	206	1	-	207
JMAP and SMAP income	21	-	-	21
Jefferson Parish Community Development Program	-	-	339	339
Down payment assistance	258	-	-	258
Other revenue	4	-	-	4
Cash payments for:				
Down payment assistance	(183)	-	-	(183)
Interest on debt	-	(289)	-	(289)
Jefferson Parish Community Development Program	-	-	(439)	(439)
Servicing fees	-	(63)	-	(63)
Trustee fees	(23)	(5)	(2)	(30)
Other operating expenses	(529)	-	-	(529)
Net cash (used in) provided by operating activities	(202)	113	(102)	(191)
Cash flows from noncapital financing activities:				
Bond principal payments	-	(1,610)	-	(1,610)
Operating transfers (issuer fee)	108	(108)	-	-
Net cash (used in) provided by noncapital financing activities	108	(1,718)	-	(1,610)
Cash flows from investing activities				
Proceeds from sales/matured investments	1,042	-	-	1,042
Proceeds from mortgage loan repayments	-	1,375	-	1,375
Proceeds from sales/matured mortgage backed securities	816	-	-	816
Acquisition of investment securities	(1,705)	-	-	(1,705)
Acquisition of mortgage backed securities	(92)	-	-	(92)
Net cash (used in) provided by investing activities	61	1,375	-	1,436
Net (decrease) increase in cash and cash equivalents	(33)	(230)	(102)	(365)
Cash and cash equivalents at beginning of the year	248	298	209	755
Cash and cash equivalents at the end of the year	$ 215	$ 68	$ 107	$ 390
Reconciliation of changes in net position to net cash used in operating activities:				
Changes in net position	$ (335)	$ (191)	$ -	$ (526)
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:				
(Depreciation) appreciation in investments and mortgage backed securities	123	303	-	426
(Increase) decrease in assets:				
Change in accrued interest receivable	(12)	4	-	(8)
Change in down payment assistance receivable	54	-	-	54
Increase (decrease) in liabilities:				
Change in accrued expenses and accounts payable	(32)	-	-	(32)
Change in accrued interest payable	-	(3)	-	(3)
Change in due to Jefferson Parish Community Development	-	-	(102)	(102)
Net cash (used in) provided by operating activities	$ (202)	$ 113	$ (102)	$ (191)

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 4
SCHEDULE OF OPERATING EXPENSES
(In Thousands)
For the Years Ended December 31, 2018 and 2017

	2018	2017
Operating Expenses		
Advertising	$ 26.8	$ 33.4
Auto Expense	7.5	8.0
Capital Acquisitions	2.5	0.1
Computer Expense	5.0	4.2
Dues and Subscriptions	1.9	3.6
Education and Seminars	4.2	3.5
Fees	0.1	-
Insurance	45.7	51.7
Miscellaneous Expense	0.5	6.3
Office Expense	1.3	3.7
Parish Assessment Expense	17.1	-
Pension and Retirement	31.5	39.8
Postage	0.6	0.9
Professional Fees	23.1	68.8
Rent	24.7	19.0
Salaries and Wages	241.4	291.9
Telephone	2.6	2.6
Travel	1.1	11.3
Security	5.5	6.7
Board Per Diem	37.2	57.3
Total Operating Expenses	$ 480.3	$ 612.8

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 5
SCHEDULE OF BOARD MEMBERS' COMPENSATION
For the Year Ended December 31, 2018

The members of the Jefferson Parish Finance Authority's (the Authority) Board of Trustees receive per diem payments for weekly Board meetings attended; approved committee meetings and services rendered and are also reimbursed for actual expenses incurred in the performance of their duties as members of the Board of Trustees. For the year ended December 31, 2018, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Board Meetings	Extra Meetings Attended	2018 Total
Allemore, Lynwood	25	5	30
Berthelot, Jackie	26	14	40
Boyter, Mitchell	24	5	29
DiMarco, Dennis	19	10	29
Faia, Gregory	21	11	32
Muscarello, Frank L.	26	13	39
Planer, Marcy L.	23	3	26
Simmons, Dalton	19	4	23

Per Diem Payment:

	2018
Allemore, Lynwood	$ 4,500
Berthelot, Jackie	6,000
Boyter, Mitchell	4,350
DiMarco, Dennis	4,350
Faia, Gregory	4,800
Muscarello, Frank L.	5,850
Planer, Marcy L.	3,900
Simmons, Dalton	3,450
	$ 37,200

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 6
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2018

	Valerie Brolin
Purpose	**Amount**
Salary	$ 111,619
Benefits-Medical Insurance	-
Benefits-Retirement	11,432
Benefits-Life Insurance	148
Benefits-Other	2,310
Car Allowance	7,494
Cell Phone	1,210
Conference Hotel	593
Conference Travel	300
Registration Fees	150
Vehicle provided by government	-
Per Diem	-
Travel-Other Meetings	-
Continuing Professional Education Fees	-
Unvoucherd Expense	-
	$ 135,256

COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S 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 Trustees
Jefferson Parish Finance Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Jefferson Parish Finance Authority (the Authority) as of and for the years ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 8, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Under the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
May 8, 2019

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2018

We have audited the financial statements of Jefferson Parish Finance Authority (the Authority) as of and for the year ended December 31, 2018, and have issued our report thereon dated May 8,2019. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2018, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

a. **Report on Internal Control and Compliance Material to the Financial Statements**

Internal Control
Material Weakness ☐ Yes ☒ No Significant Deficiencies ☐ Yes ☒ No

Compliance
Compliance Material to Financial Statements ☐ Yes ☒ No

Was a management letter issued? ☐ Yes ☒ No

b. **Federal Awards**

The Authority did not expend federal awards exceeding $750,000 during the year ended December 31, 2018, and therefore is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

a. **Issues of Noncompliance**

None

b. **Internal Control**

None.

Section III Federal Award Findings and Questions Costs

None

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to the Federal Awards

None

Section III – Management Letter

2017 – 1 Interim Financial Statements

We recommend a financial reporting policy be developed by the Authority and adopted by the board. Financial reporting is a tool to monitor income and expenditures and make decisions. Albeit, operating expenses are approved by the board at their meetings. A presentation of interim financial statements and budget comparisons should be presented to the board throughout the fiscal year.

(Resolved)

2017 – 2 Contracts for Professional Services

Current policy and procedures regarding procurement of professional services should be tailored to the Authority and adopted by the board. Written policy and procedures should contemplate the requirement for written contracts and use of Statement of Qualifications or Request for Proposals. Best practices dictate a need for written contracts that describe the scope of service, deliverables, and payment terms.

(Resolved)

2017 – 3 Budget Monitoring & Amendments

We recommend the budget policy and procedures should be updated and approved by the board. Written policy and procedures should contemplate the budget monitoring process with comparison of budget to actual results throughout the fiscal year and such results be reported to the board.

(Resolved)

2017 – 4 Policy Updates

Policies in which the Authority references other agencies' policies, for example Jefferson Parish and the State of Louisiana, should be tailored to the distinct operations of the Authority and approved by the board. Policies such as travel, credit cards, and purchasing should be updated to reflect current operating procedures.

(Resolved)

Section I – Internal Control and Compliance Material to the Financial Statements

None

Section II – Internal Control and Compliance Material to the Federal Awards

None

Section III – Management Letter

None

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To the Board of Trustees of the Jefferson Parish Finance Authority and
the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by XYZ Entity (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1 through December 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

   a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

      - *Written policies and procedures were obtained and address the functions noted above.*

   b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

      - *Written policies and procedures were obtained and address the functions noted above.*

   c) ***Disbursements***, including processing, reviewing, and approving

      - *Written policies and procedures were obtained and address the functions noted above.*

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- *Written policies and procedures were obtained and address the functions noted above.*

e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- *Written policies and procedures were obtained and address the functions noted above.*

f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- *Written policies and procedures were obtained and address the functions noted above.*

g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

- *The Authority's policy is not to use any credit, debit, fuel or p-cards.*

h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

- *Written policies and procedures were obtained and address the functions noted above.*

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

- *Written policies and procedures were obtained and address the functions with the exception of (4) above requiring signature attestation of all employees and elected officials having read the policy*

  Management's Response

  Management will seek to amend the current policy with board approval to require an annual signature attestation by all employees and elected officials.

j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

- *Written policies and procedures were obtained and address the functions noted above.*

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

- *The board met with a quorum on a frequency in accordance with the Entity's bylaws.*

b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- *Minutes did not reference or include monthly budget-to-actual comparisons.*

  Management's Response

  The Authority adopted a financial reporting policy in December 2018 that requires monthly budget to actual comparisons.

c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

- *This step not applicable. The Entity did not have a negative ending fund balance in the prior year.*

Bank Reconciliations

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

   a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

   b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

   c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

   - *Obtained a listing of cash collections and management's representation that the listing is complete.*

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of

employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

a) Employees that are responsible for cash collections do not share cash drawers/registers.

- *No exceptions noted*

b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

- *No exceptions noted*

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

- *No exceptions noted*

d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

- *No exceptions noted*

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

- *Employees who have access to cash are not covered by a bond or insurance policy for theft.*

Management's Response

Management will seek adequate bonding insurance of employees who have access to cash.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

- *No exceptions noted*

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

- *No exceptions noted*

c) Trace the deposit slip total to the actual deposit per the bank statement.

- *No exceptions noted*

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100).

- *No exceptions noted*

e) Trace the actual deposit per the bank statement to the general ledger.

- *No exceptions noted*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   - *Obtained a listing of locations that process payments and management's representation that the listing is complete.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- *No exceptions noted*

b) At least two employees are involved in processing and approving payments to vendors.

- *No exceptions noted*

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

- *No exceptions noted*

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

- *No exceptions noted*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

    a) Observe that the disbursement matched the related original invoice/billing statement.

    - *No exceptions noted*

    b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

    - *No exceptions noted*

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

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year. The Entity does not have any credit, debit, fuel or P-cards.*

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

    a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

    b) Observe that finance charges and late fees were not assessed on the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, <u>excluding fuel cards</u>, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

    a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

    b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

    c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

    d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and:

    - *Obtained a listing of all agreements/contracts initiated or renewed during the fiscal period and management's representation the listing is complete.*

    a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

        - *No exceptions noted*

    b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

        - *No exceptions noted*

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

- *No exceptions noted*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

- *No exceptions noted*

Payroll and Personnel

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year. Jefferson Parish acts as the Entity's paymaster and processes the payroll payments and reporting forms for the Entity.*

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

    a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

    b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

    c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above· obtain ethics documentation from management, and:
    a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
        - *No exceptions noted.*
    b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.
        - *No documentation demonstrates that each employee/official attested through signature verification that he/she has read the Entity's ethics policy during the fiscal year.*
        - ***Management's Response – The Entity will amend our procedure to require the annual signature verification that each employee/official has read the Entity's ethics policy.***

Debt Service

- *This procedure rotated off this fiscal year due to no exceptions noted in the prior year.*

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    - *Obtained management's representation that there were no misappropriations of public funds and assets during the fiscal year.*

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

    - *No exceptions noted.*

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Camnetar & Co.

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Gretna, Louisiana

May 8, 2019