

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 and 2019, 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 above present fairly, in all material respects, the respective financial position of the business-type activities, of the Authority, as of December 31, 2020 and 2019, 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 Employer's Proportionate Share of Net Pension Liability, the Schedule of Employer's Contributions, 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 Employer's Proportionate Share of Net Pension Liability, the Schedule of Employer's Contributions, 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 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 Employer's Proportionate Share of Net Pension Liability*, the *Schedule of Employer's Contributions*, *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 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 April 26, 2021, 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
April 26, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 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, 2020 and 2019, 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 established in 1979 which has helped many realize the dream of home ownership over 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 program. The Lagniappe Advantage Program (LAP) is the conventional program. Both programs offer 3% or 4% of down payment assistance based on the borrower's loan amount. LAP offers the borrower a 0% down payment assistance option to take advantage of a reduced interest rate. In June 2019, the Authority established the Heroes to Homeowners grant program which provides an additional \$2,500 grant to teachers and first responders to assist with the purchase of a home in connection with mortgages originated through the Authority's SMAP or LAP programs. The Authority designated \$100,000 to support this program. In 2020 and early 2021 the Authority expanded this program to include healthcare workers, veterans and active military.

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 2020 and 2019. In December 2018, the Authority received approval from the Louisiana State Bond Commission to issue revenue bonds in the amount not to exceed \$25,000,000. When market conditions are favorable, the Authority is poised to act immediately to issue bonds.

As market conditions remain unfavorable in the bond market, 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.

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.

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 HIGHLIGHTS

2020

The Authority's net position represents 54.8% of its total assets. With total assets approximating \$19.9 Million, the Authority had an increase in net position of approximately \$314 thousand for the year ended December 31, 2020.

Authority's financial highlights include:

- In 2020, the SMAP and LAP programs created \$78 thousand in revenues. The Authority utilizes its current operational budget and administration to support this program.
- The Authority's net position increased by \$314 thousand. \$341 thousand of the increase is due to the appreciation in fair market value of investments and mortgage backed securities. \$253 thousand of grant revenues. The remaining decrease is due to the excess of expenses over revenues during the fiscal year.
- The Authority's total assets decreased by \$1.2 million primarily due to the payments made on outstanding bonds payable.
- The Authority's total liabilities decreased by \$1.5 million primarily due to the payments on the outstanding bonds payable in the fiscal year.

2019

The Authority's net position represents 50% of its total assets. With total assets approximating \$21 Million, the Authority had an increase in net position of approximately \$315 thousand for the year ended December 31, 2019.

Authority's financial highlights include:

- In 2019, the SMAP and LAP programs created \$50 thousand in revenues. The Authority utilizes its current operational budget and administration to support this program.
- The Authority's net position increased by \$315 thousand. \$548 thousand of the increase is due to the appreciation in fair market value of investments and mortgage backed securities. The remaining decrease is due to the excess of expenses over revenues during the fiscal year.
- The Authority's total assets decreased by \$975 thousand primarily due to the payments made on outstanding bonds payable.

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

FINANCIAL HIGHLIGHTS (Continued)

2019

- The Authority's total liabilities decreased by \$1.3 million primarily due to the payments on the outstanding bonds payable in the fiscal year

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

2020

The Authority's total net position at December 31, 2020, increased by \$314 to \$10,960 an increase of 3% from December 31, 2019. (See Table A-1) Total assets decreased by \$1,160 due primarily to a decrease in mortgage-backed securities of \$2,056, offset by an increase in cash and cash equivalents of \$849. Liabilities decreased by \$1,472 due to the decrease in bonds payable of \$1,570 and offset by an increase in other liabilities of \$98.

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

| | <u>2020</u> | <u>2019</u> | <u>Increase (Decrease)</u> |
|-----------------------------|------------------|------------------|--------------------------------|
| Cash and cash equivalents | \$ 1,626 | \$ 777 | \$ 849 |
| Investments | 8,112 | 8,297 | (185) |
| Mortgage-backed securities | 9,772 | 11,828 | (2,056) |
| Other assets | 488 | 256 | 232 |
| Total assets | <u>\$ 19,998</u> | <u>\$ 21,158</u> | <u>\$ (1,160)</u> |
| Deferred outflows - pension | \$ 25 | \$ - | \$ 25 |
| Other liabilities | \$ 410 | \$ 312 | \$ 98 |
| Bonds payable | 8,630 | 10,200 | (1,570) |
| Total liabilities | <u>\$ 9,040</u> | <u>\$ 10,512</u> | <u>\$ (1,472)</u> |
| Deferred inflows - pension | \$ 23 | \$ - | \$ 23 |
| Net position | | | |
| Restricted for debt | \$ 992 | \$ 832 | \$ 160 |
| Restricted for program | 247 | - | 247 |
| Unrestricted | | | |
| Undesignated | 1,363 | 1,760 | (397) |
| Designated | 8,358 | 8,054 | 304 |
| Total net position | <u>\$ 10,960</u> | <u>\$ 10,646</u> | <u>\$ 314</u> |

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

FINANCIAL ANALYSIS (Continued)

Net Position

2019

The Authority's total net position at December 31, 2019, increased by \$315 to \$10,646 a decrease of 3% from December 31, 2018. (See Table A-2) Total assets decreased by \$975 due primarily to a decrease in mortgage-backed securities of \$1,173 offset by an increase in cash and cash equivalents of \$387. Liabilities decreased by \$1,290 due to the decrease in bonds payable of \$1,440 off set by an increase in other liabilities of \$150.

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

| | <u>2019</u> | <u>2018</u> | <u>Increase (Decrease)</u> |
|------------------------------------|------------------|------------------|--------------------------------|
| Cash and cash equivalents | \$ 777 | \$ 390 | \$ 387 |
| Investments | 8,297 | 8,391 | (94) |
| Mortgage-backed securities | 11,828 | 13,001 | (1,173) |
| Other assets | 256 | 351 | (95) |
| Total assets | <u>\$ 21,158</u> | <u>\$ 22,133</u> | <u>\$ (975)</u> |
| Other liabilities | \$ 312 | \$ 162 | \$ 150 |
| Bonds payable | 10,200 | 11,640 | (1,440) |
| Total liabilities | <u>10,512</u> | <u>11,802</u> | <u>(1,290)</u> |
| Net position | | | |
| Restricted for debt | 832 | 405 | 427 |
| Unrestricted | | | |
| Undesignated | 1,760 | 1,761 | (1) |
| Designated | 8,054 | 8,165 | (111) |
| Total net position | <u>10,646</u> | <u>10,331</u> | <u>315</u> |
| Total liabilities and net position | <u>\$ 21,158</u> | <u>\$ 22,133</u> | <u>\$ (975)</u> |

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

FINANCIAL ANALYSIS (Continued)

Changes in Net Position

2020

As seen in Table A-3, operating revenues decreased \$86 or 6.7%. \$207 of this decreased in revenue was due to the change in appreciation in fair market value of investments in mortgage backed securities from the prior year.

Jefferson Parish Finance Authority

**Table A-3
(in thousands of dollars)**

| | <u>2020</u> | <u>2019</u> | <u>Increase (Decrease)</u> |
|--|------------------|------------------|--------------------------------|
| Operating revenues | | | |
| Investment income on mortgage loans | \$ 403 | \$ 467 | \$ (64) |
| (Depreciation) appreciation in fair market value of investments in mortgage backed securities | 341 | 548 | (207) |
| Investment income on investment securities | 108 | 205 | (97) |
| Other | 342 | 60 | 282 |
| Total operating revenues | <u>1,194</u> | <u>1,280</u> | <u>(86)</u> |
| Operating expenses | <u>880</u> | <u>965</u> | <u>(85)</u> |
| Change in net position | 314 | 315 | (1) |
| Total net position, beginning of the year | <u>10,646</u> | <u>10,331</u> | <u>315</u> |
| Total net position, end of the year | <u>\$ 10,960</u> | <u>\$ 10,646</u> | <u>\$ 314</u> |

As seen in Table A-4, operating expenses decreased by \$85 primarily due to a \$30 decrease in interest on debt and \$49 decrease in uncollectible down payment assistance from the prior year.

Jefferson Parish Finance Authority

**Table A-4
(in thousands of dollars)**

| | <u>2020</u> | <u>2019</u> | <u>Increase (Decrease)</u> |
|---------------------------------------|---------------|---------------|--------------------------------|
| Interest on debt | \$ 221 | \$ 251 | \$ (30) |
| Servicing fees | 49 | 56 | (7) |
| Trustee fees | 30 | 30 | - |
| Uncollectible down payment assistance | 4 | 53 | (49) |
| Grant expense | 17 | 13 | 4 |
| Other operating expenses | 559 | 562 | (3) |
| Total operating expenses | <u>\$ 880</u> | <u>\$ 965</u> | <u>\$ (85)</u> |

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

FINANCIAL ANALYSIS (Continued)

Changes in Net Position

2019

As seen in Table A-5, operating revenues increased \$947 or 284%. \$974 of this increase in revenue was due to the change in appreciation in fair market value of investments in mortgage backed securities from the prior year.

Jefferson Parish Finance Authority

Table A-5

(in thousands of dollars)

| | <u>2019</u> | <u>2018</u> | <u>Increase (Decrease)</u> |
|--|------------------|------------------|--------------------------------|
| Operating revenues | | | |
| Investment income on mortgage loans | \$ 467 | \$ 506 | \$ (39) |
| (Depreciation) appreciation in fair market value of investments in mortgage backed securities | 548 | (426) | 974 |
| Investment income on investment securities | 205 | 221 | (16) |
| Other | 60 | 32 | 28 |
| Total operating revenues | <u>1,280</u> | <u>333</u> | <u>947</u> |
| Operating expenses | <u>965</u> | <u>859</u> | <u>106</u> |
| Change in net position | 315 | (526) | 841 |
| Total net position, beginning of the year | <u>10,331</u> | <u>10,857</u> | <u>(526)</u> |
| Total net position, end of the year | <u>\$ 10,646</u> | <u>\$ 10,331</u> | <u>\$ 315</u> |

As seen in Table A-6, , operating expenses increased by \$106 due to an increase in other operating expense of \$82, grant expense of \$13, and an increase in uncollectible down payment assistance of \$53 from the prior year.

Jefferson Parish Finance Authority

Table A-6

(in thousands of dollars)

| | <u>2019</u> | <u>2018</u> | <u>Increase (Decrease)</u> |
|---------------------------------------|---------------|---------------|--------------------------------|
| Interest on debt | \$ 251 | \$ 286 | \$ (35) |
| Servicing fees | 56 | 63 | (7) |
| Trustee fees | 30 | 30 | - |
| Uncollectible down payment assistance | 53 | - | 53 |
| Grant expense | 13 | - | 13 |
| Other operating expenses | 562 | 480 | 82 |
| Total operating expenses | <u>\$ 965</u> | <u>\$ 859</u> | <u>\$ 106</u> |

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

DEBT ADMINISTRATION

2020

Total indebtedness for bonds payable was \$8.6 million as of December 31, 2020, compared to \$10.2 million at December 31, 2019. 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.

2019

Total indebtedness for bonds payable was \$10.2 million as of December 31, 2019, compared to \$11.6 million at December 31, 2018. 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority is constantly exploring new opportunities to make the dreams of home ownership come true and enhance economic development. In 2021, the Authority made several program improvements to increase the revenue in both the Southern Mortgage Assistance and Lagniappe Advantage Programs. Since the average price of a home in Jefferson Parish is approximately \$225,000, the Authority raised the maximum income limit for both programs to 140% of Area Median Income (currently \$98,560) to make our programs more accessible. The Authority also added the Fannie Mae HFA Preferred Product to its Lagniappe Advantage Program which is preferred by most lenders. With these program improvements, the Authority is on track to increase its program revenues in 2021.

The Authority is finalizing program documentation to add Plaquemines Parish to its list of eligible Parishes. Plaquemines Parish Council will approve the legislation in May and the Authority will work with the Plaquemines Parish Government to market the program to residents and area realtors and lenders.

The Heroes to Homeowners Program was introduced in 2019 to provide an additional \$2500 of true grant assistance for the purchase of a home to those who provide safety, service and education to our community. In 2020 and early 2021, the Authority expanded this program to include healthcare workers, veterans and active military. The Authority will continue to market this program for growth in 2021. The Authority is in discussions with Ochsner to develop a similar program for its employees to contribute to the revitalization of the housing stock and the recruitment and retention of Ochsner employees in Jefferson Parish.

In partnership with Jefferson Parish, JEDCO, and the New Orleans Education League of the Construction Industry (NOEL), the Authority implemented a pilot program to enhance, transform, and revitalize the housing stock of the Terrytown neighborhood in Jefferson Parish. The construction of the first model home was successful and the home was sold for full asking price in January 2021. The Authority is working with NOEL, JEDCO and Jefferson Parish to locate a vacant lot for new home construction or a home in need of renovation to further the program's initiatives.

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2020 and 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)

On December 13, 2018, the State of Louisiana Bond Commission approved the issuance, sale and delivery of Jefferson Parish Finance Authority Single Family Mortgage Revenue bonds in an amount not to exceed \$25,000,000 in the principal aggregate. When bond market conditions are favorable, the Authority is positioned to act immediately on the issuance of a bond.

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.

FINANCIAL STATEMENTS

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(In Thousands)
As of December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,626 | \$ 777 |
| Investment securities at fair value | 8,112 | 8,297 |
| Accrued interest receivable | 80 | 95 |
| Down payment assistance and other receivables | 408 | 161 |
| Mortgage-backed securities | <u>9,772</u> | <u>11,828</u> |
| Total Assets | <u>\$ 19,998</u> | <u>\$ 21,158</u> |
| Deferred Outflows of Resources | | |
| Deferred outflows related to net pension liability | <u>\$ 25</u> | <u>\$ -</u> |
| Liabilities | | |
| Accrued interest payable | \$ 17 | \$ 20 |
| Other liabilities | 392 | 292 |
| Net pension liability | 1 | - |
| Bonds payable | <u>8,630</u> | <u>10,200</u> |
| Total Liabilities | <u>\$ 9,040</u> | <u>\$ 10,512</u> |
| Deferred Inflows of Resources | | |
| Deferred inflows related to net pension liability | <u>\$ 23</u> | <u>\$ -</u> |
| Net Position | | |
| Restricted for debt | \$ 992 | \$ 832 |
| Restricted for program | 247 | |
| Unrestricted | | |
| Undesignated | 1,363 | 1,760 |
| Designated | <u>8,358</u> | <u>8,054</u> |
| Total Net Position | <u>\$ 10,960</u> | <u>\$ 10,646</u> |

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, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|------------------|------------------|
| Operating Revenues | | |
| Investment income on mortgage backed securities | \$ 403 | \$ 467 |
| (Depreciation) appreciation in fair market value of investments and mortgage backed securities | 341 | 548 |
| Investment income on investment securities | 108 | 205 |
| JMAP and SMAP revenue | 78 | 50 |
| Grant revenue | 253 | - |
| Other revenue | 11 | 10 |
| | <u>1,194</u> | <u>1,280</u> |
| Operating Expenses | | |
| Interest on debt | 221 | 251 |
| Servicing fees | 49 | 56 |
| Trustee and investment advisor fees | 30 | 30 |
| Uncollected down payment assistance | 4 | 53 |
| Grant expense | 17 | 13 |
| Other operating expenses | 559 | 562 |
| | <u>880</u> | <u>965</u> |
| Change in Net Position | 314 | 315 |
| Net Position at the Beginning of the Year | <u>10,646</u> | <u>10,331</u> |
| Net Position at the End of the Year | <u>\$ 10,960</u> | <u>\$ 10,646</u> |

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, 2020 and 2019

| | 2020 | 2019 |
|--|-----------------|----------------|
| Cash flows from operating activities | | |
| Cash receipts for: | | |
| Investment income on mortgage loans | \$ 408 | \$ 471 |
| Investment income on investment securities | 116 | 208 |
| JMAP and SMAP income | 78 | 47 |
| Jefferson Parish Community Development Program | 333 | 798 |
| Down payment assistance | 352 | 323 |
| Other revenue | 14 | 10 |
| Grant payments | 250 | - |
| Cash payments for: | | |
| Down payment assistance | (354) | (303) |
| Interest on debt | (224) | (254) |
| Jefferson Parish Community Development Program | (231) | (670) |
| Servicing fees | (49) | (56) |
| Trustee fees | (30) | (30) |
| Grant payments | (264) | (13) |
| Other operating expenses | (564) | (518) |
| Net cash (used in) provided by operating activities | <u>(165)</u> | <u>13</u> |
| Cash flows from noncapital financing activities | | |
| Bond principal payments | (1,570) | (1,440) |
| Net cash (used in) provided by noncapital financing activities | <u>(1,570)</u> | <u>(1,440)</u> |
| Cash flows from investing activities | | |
| Proceeds from sales/matured investment securities | 3,402 | 2,994 |
| Proceeds from mortgage loan repayments | 2,124 | 1,609 |
| Acquisition of investment securities | (2,942) | (2,789) |
| Net cash (used in) provided by investing activities | <u>2,584</u> | <u>1,814</u> |
| Net (decrease) increase in cash and cash equivalents | 849 | 387 |
| Cash and cash equivalents at beginning of the year | 777 | 390 |
| Cash and cash equivalents at the end of the year | <u>\$ 1,626</u> | <u>\$ 777</u> |
| Reconciliation of changes in net position to net cash used in operating activities | | |
| Changes in net position | \$ 67 | \$ 315 |
| Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities: | | |
| Depreciation (appreciation) in investments and mortgage backed securities | (341) | (548) |
| (Increase) decrease in assets: | | |
| Change in accrued interest receivable | 13 | 7 |
| Change in down payment assistance receivable | - | 88 |
| Increase (decrease) in liabilities: | | |
| Change in accrued expenses and accounts payable | (3) | 26 |
| Change in accrued interest payable | (3) | (3) |
| Change in due to Jefferson Parish Community Development | 102 | 128 |
| Net cash (used in) provided by operating activities | <u>\$ (165)</u> | <u>\$ 13</u> |

The accompanying notes are an integral part of these statements.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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. The Authority also partners with St. Bernard Parish, St. Charles Parish, and St. Tammany Parish, all of which are located in Louisiana, to assist in the financing and development of home ownership.

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 rely on Jefferson 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 (d) grant 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.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

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

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

The only outstanding bond program for the fiscal years ending December 31, 2020 and 2019 was the 2009ACF 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 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.

The Authority classifies net position in two components – restricted and unrestricted. Restricted net position consists of constraints placed on net position use through external constraints (bond covenants), laws, regulations, or contractual obligations. Unrestricted net position does not meet the definition of restricted.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

Cash Equivalents

Cash equivalents consist of all money market accounts invested in federated government obligations 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.

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. No bonds were retired for the years ending December 31, 2020 and 2019.

Appreciation (Depreciation) in Fair Market Value

Fluctuations in the fair market value of investments and mortgage backed securities are recorded as an 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.

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.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

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 is 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. On average the 1% down payment assistance is fully collected in a period of five years.

Uncollected Down Payment Assistance

There is an inherent risk in the 4% SMAP down payment assistance, whereby the Authority has the potential not to collect the entire 1% of the down payment assistance advanced. On average the 1% down payment assistance is fully collected in a period of five years. The Authority risks not collecting the outstanding 1% down payment assistance if a mortgage is refinanced or foreclosed prior to receiving the entirety of the assistance advanced. The amount of down payment assistance that will not be collected due to a mortgage being retired either through refinance or foreclosure is recorded as an operating expense.

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.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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, and the employees 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 \$29.6 thousand and \$31.2 thousand for the years ended December 31, 2020 and 2019 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, 2020, the Authority had no cash deposits at a local bank in excess of FDIC (Federal Deposit Insurance Corporation) coverage.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

Investments and Mortgage Backed Securities

At December 31, 2020 and 2019, 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, 2020 and 2019 (in thousands):

| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Total</u> |
|----------------------------|---------------------|-------------------|------------------|
| <u>2020</u> | | | |
| Cash and cash equivalents | \$ 735 | \$ 891 | \$ 1,626 |
| Investments | 8,112 | - | 8,112 |
| Mortgage backed securities | 716 | 9,056 | 9,772 |
| | <u>\$ 9,563</u> | <u>\$ 9,947</u> | <u>\$ 19,510</u> |
| <u>2019</u> | | | |
| Cash and cash equivalents | \$ 383 | \$ 394 | \$ 777 |
| Investments | 8,297 | - | 8,297 |
| Mortgage backed securities | 969 | 10,859 | 11,828 |
| | <u>\$ 9,649</u> | <u>\$ 11,253</u> | <u>\$ 20,902</u> |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019 (in thousands):

| | 2020 | | | 2019 | | |
|-------------------------|----------------|------------|----------|----------------|------------|--------|
| | (in thousands) | | | (in thousands) | | |
| | Unrestricted | Restricted | Total | Unrestricted | Restricted | Total |
| Cash & Cash | | | | | | |
| Equivalents | | | | | | |
| 1991 Program | \$ 727 | \$ - | \$ 727 | \$ 376 | \$ - | \$ 376 |
| 2009ACF Program | - | 561 | 561 | - | 165 | 165 |
| HOME Program | 8 | 330 | 338 | 7 | 229 | 236 |
| Total Cash & | | | | | | |
| Cash Equivalents | \$ 735 | \$ 891 | \$ 1,626 | \$ 383 | \$ 394 | \$ 777 |

Components of Unrestricted Investments

The following are the components of the Authority's unrestricted investments, reported at fair value, by program at December 31, 2020 and 2019 (in thousands):

| | 2020 | 2019 |
|---------------------------------|----------------|----------------|
| | (in thousands) | (in thousands) |
| Unrestricted Investments | | |
| 1991 Program | | |
| US Treasury Notes | \$ 822 | \$ 1,303 |
| Municipal Bonds | 7,193 | 6,994 |
| FNMA Certificates | 97 | - |
| | \$ 8,112 | \$ 8,297 |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

Components of Mortgage Backed Securities

Mortgage backed securities for the 2009ACF program represent 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, 2020 and 2019 (in thousands):

| | 2020 | | | 2019 | | |
|---|----------------|------------|----------|----------------|------------|-----------|
| | (in thousands) | | | (in thousands) | | |
| | Unrestricted | Restricted | Total | Unrestricted | Restricted | Total |
| Mortgage Backed Securities | | | | | | |
| GNMA Certificates | | | | | | |
| 1991 Program | \$ 716 | \$ - | \$ 716 | \$ 877 | \$ - | \$ 877 |
| 2009ACF Program | - | 9,056 | 9,056 | - | 10,859 | 10,859 |
| | 716 | 9,056 | 9,772 | 877 | 10,859 | 11,736 |
| FNMA Certificates | | | | | | |
| 1991 Program | - | - | - | 92 | - | 92 |
| | - | - | - | 92 | - | 92 |
| Total Mortgage Backed Securities | \$ 716 | \$ 9,056 | \$ 9,772 | \$ 969 | \$ 10,859 | \$ 11,828 |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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, 2020:

| | 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 | \$ 822 | \$ 101 | \$ 567 | \$ 154 | \$ - |
| Municipal Bonds | 7,193 | 2,018 | 5,061 | 114 | - |
| FNMA Certificates | 97 | - | 97 | - | - |
| Subtotal Investments | <u>8,112</u> | <u>2,119</u> | <u>5,725</u> | <u>268</u> | <u>-</u> |
| Mortgage-backed securities - Unrestricted | 716 | - | - | 460 | 256 |
| Mortgage-backed securities - Restricted | 9,056 | - | - | - | 9,056 |
| Subtotal Mortgage-backed securities | <u>9,772</u> | <u>-</u> | <u>-</u> | <u>460</u> | <u>9,312</u> |
| | <u>\$ 17,884</u> | <u>\$ 2,119</u> | <u>\$ 5,725</u> | <u>\$ 728</u> | <u>\$ 9,312</u> |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

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

The Authority receives a rate equal to the stated interest rate net the .50% servicer/administrator fee retained by the Servicer for GNMA securities in the 2009 ACF Program. The mortgage loans have stated interest rates to the Authority as follows:

| <u>Program</u> | <u>Interest Rates</u> |
|-----------------|-----------------------|
| 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, 2020. (in thousands of dollars):

| <u>S&P Rating</u> | <u>Mortgage-backed Securities in the 2009 ACF Program</u> |
|-----------------------|---|
| AA+ | \$ 9,056 |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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

Investments and Mortgage Backed Securities - Concentration of Credit Risk

As of December 31, 2020, 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, and Federated Prime Obligation Funds.

Note 3. Bonds Payable

Bonds payable are as follows at December 31:

| | <u>2020</u> | <u>2019</u> |
|---|-----------------|------------------|
| Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011- \$13,250 due December 1, 2041 at 2.32%. | <u>8,630</u> | <u>10,200</u> |
| Total bonds payable and premium on bonds payable | <u>\$ 8,630</u> | <u>\$ 10,200</u> |

The Authority is in compliance with its bond covenants at December 31, 2020 and 2019.

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.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 3. Bonds Payable (Continued)

A summary of scheduled bond maturities (in thousands) as of December 31, 2020, is as follows:

| | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> | <u>2026 - 2028</u> | <u>Total</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------------------|---------------------|
| Principal: | | | | | | | |
| 2009ACF Program | \$ 1,130 | \$ 1,156 | \$ 1,183 | \$ 1,210 | \$ 1,238 | \$ 2,713 | \$ 8,630 |
| Total due each year | <u>1,130</u> | <u>1,156</u> | <u>1,183</u> | <u>1,210</u> | <u>1,238</u> | <u>2,713</u> | <u>8,630</u> |
| Interest | | | | | | | |
| 2009ACF Program | 200 | 174 | 147 | 120 | 92 | 69 | 802 |
| Total due each year | <u>200</u> | <u>174</u> | <u>147</u> | <u>120</u> | <u>92</u> | <u>69</u> | <u>802</u> |
| Total due | <u>\$ 1,330</u> | <u>\$ 2,782</u> | <u>\$ 9,432</u> |

Note 4. Net Position

The net position included in the 1991 Program (operations program), totaling \$9,713 thousand and \$9,807 thousand as of December 31, 2020 and 2019, 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) \$353.8 and \$320.0 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020 and 2019, the Authority had other liabilities due to the Parish of Jefferson for the employee expenses in the amount of (in thousands) \$31.3 and \$32.6 respectively.

**JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

Note 5. Related Party Transactions (Continued)

The Authority pays the Parish of Jefferson for rent of its office space. The amounts (in thousands) were \$27 and \$27 for the years ended December 31, 2020 and 2019, respectively.

The Authority pays the Parish of Jefferson a portion of the annual cost of the building's security detail. The amounts (in thousands) were \$7 and \$7 for years ended December 31, 2020 and 2019, respectively.

The Authority pays the Parish of Jefferson an indirect cost fee. The amounts (in thousands) were \$11 and \$18 for years ended December 31, 2020 and 2019, respectively.

The Authority pays the Parish of Jefferson for the use of telephone and computer services. The amounts (in thousands) were \$7 and \$5 for years ended December 31, 2020 and 2019, respectively.

For the year ended December 31, 2020 the Authority paid the Parish of Jefferson for computer equipment and office supplies in the amount of \$4.4 thousand.

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 2020.

Note 6. 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:

| <u>Year Ended December 31,</u> | <u>Amount</u> |
|---------------------------------|-----------------|
| <i>Initial Term</i> | |
| 2021 | <u>\$26,562</u> |
| <i>Anticipated Renewal Term</i> | |
| 2022 | \$26,562 |
| 2023 | 26,562 |
| 2024 | <u>26,562</u> |
| | <u>\$79,686</u> |

Note 7. Audit by the Jefferson Parish Office of Inspector General

The Jefferson Parish Office of Inspector General (JPOIG) conducted a follow-up review of the Audit of Jefferson Parish Finance Authority (2016-0021), dated 12/17/2017 and issued a report dated July 16, 2020. A follow-up report monitors the implementation of recommendations previously made by the JPOIG. The review demonstrates that most recommendations were resolved. Per the JPOIG report, nine recommendations were resolved, two recommendations were unresolved, and one recommendation was resolved-in-part. The audit follow-up process does not require a written response by the Authority.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Accounting Pronouncement

During the year ended December 31, 2020, The Authority implemented the provisions of Government Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. GASB Statement No. 68 established accounting and financial reporting requirements related to pensions for governments whose employees are provided with pension through plans covered by Statement No. 67, Financial reporting for Pension Plans.

Plan Description

Employees of the Jefferson Parish Finance Authority (the “Authority”) are provided with a pension through a cost-sharing, multiple-employer, defined benefit plan administered by the Parochial Employees’ Retirement System of Louisiana (PERS). PERS is a state-wide public retirement system for the benefit of all employees of taxing districts of a parish or any branch or section of a parish within the State which does not have their own retirement system and which elect to become members of PERS. PERS was established and provided for within LSA-RS 11:1901 through 11:2025. The plan is a qualified plan as defined by the Internal Revenue Service Code Section 401 (a), effective January 1, 1993. Membership in PERS is a condition of employment for the full-time employees of the Authority.

Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised PERS to create Plan A and Plan B to replace the “regular plan” and the “supplemental plan”. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date. The Employees of the Authority are members of Plan A.

The Authority was an admitted as employer in PERS in July 2019. For the year ended December 31, 2020 and 2019 the Authority had one employee participating. The other three employees of the Authority are actually participants of the Jefferson Parish retirement system.

For the year ended December 31, 2019, there were 290 contributing employers in Plan A and 50 in Plan B. Statewide retirement membership consisted of:

| | <u>Plan A</u> | <u>Plan B</u> | <u>Total</u> |
|--|----------------------|---------------------|----------------------|
| Inactive plan members or beneficiaries receiving benefits | 7,467 | 896 | 8,363 |
| Inactive plan members entitled to but not yet receiving benefits | 8,658 | 1,862 | 10,520 |
| Active members | <u>14,027</u> | <u>2,429</u> | <u>16,456</u> |
| Total Participating as of the Valuation Date | <u><u>30,152</u></u> | <u><u>5,187</u></u> | <u><u>35,339</u></u> |

PERS administers a plan to provide retirement, disability, and survivor’s benefits to eligible employees and their beneficiaries as defined in the plan. The age and years of creditable service (service) required in order for a member to receive retirement benefits are established by the plan and vary depending on the member’s hire date.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

PERS issues a publicly available financial report that includes financial statements and required supplementary information for the system for the fiscal year ended December 31, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lia.la.gov, or by contacting the Parochial Employees' Retirement System of Louisiana, 7905 Wrenwood Boulevard, Baton Rouge, Louisiana. 70809.

Eligibility Requirements

All permanent Authority employees who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

Retirement Benefits

A member of Plan A can retire providing he/she meets one of the following criteria:

For employees hired prior to January 1, 2007:

1. Any age with thirty (30) years or more of creditable service
2. Age 55 with twenty five (25) years of creditable service
3. Age 60 with a minimum of ten (10) years of creditable service
4. Age 65 with a minimum of seven (7) years of creditable service

For employees hired after January 1, 2007:

1. Age 55 with thirty (30) years of service
2. Age 62 with ten (10) years of service
3. Age 67 with seven (7) years of service

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits

Upon the death of any member of Plan A with five (5) or more years of creditable service who is not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A, who is eligible for normal retirement at time of death, the surviving spouse shall receive an automatic Option 2 benefit as outlined in the statutes.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if they were hired prior to January 1, 2007 and has at least five (5) years of creditable service or if hired after January 1, 2007, has seven years of creditable service, and is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of an amount equal to three (3) percent of the member's final average compensation multiplied by his/her years of service, not to be less than fifteen (15), or three (3) percent multiplied by years of service assuming continued service to age sixty.

Deferred Retirement Option Plan (DROP)

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the Parochial Employees' Retirement System of Louisiana. DROP is an option for that member who is eligible for normal retirement.

In lieu of terminating employment and accepting a service retirement, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they are enrolled for three (3) years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or roll over the fund to an Individual Retirement Account.

Interest is accrued on the DROP benefits for the period between the end of DROP participation and the member's retirement date.

For individuals who become eligible to participate in the DROP on or after January 1, 2004, all amounts which remain credited to the individuals subaccount after termination in the Plan will be placed in liquid asset money market investments at the discretion of the board of trustees. These subaccounts may be credited with interest based on money market rates of return, or at the option of PERS, the funds may be credited to self-directed subaccounts. The participant in the self-directed portion of this Plan must agree that the benefits payable to the participant are not the obligations of the State or PERS, and that any returns and other rights of the Plan are the sole liability and responsibility of the participant and the designated provider to which contributions have been made.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Cost of Living Adjustments

The Board of Trustees (the “Board”) is authorized to provide a cost of living allowance for those retirees who retired prior to July 1973. The adjustment cannot exceed 2% of the retiree’s original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. In addition, the Board may provide an additional cost of living increase to all retirees and beneficiaries who are age sixty-five (65) equal to 2% of the member’s benefit paid on October 1, 1977, (or the member’s retirement date, if later). Also, the Board may provide a cost of living increase up to 2.5% for retirees 62 and older as provided in Louisiana Revised Statute 11:1937. Lastly, Act 270 of 2009 provided for further reduced actuarial payments to provide an annual 2.5% cost of living adjustment commencing at age 55.

Contributions

Contributions for all members are established by State statute at 9.5% of compensation for Plan A and 3.0% of compensation for Plan B. The contributions are deducted from the member’s salary and remitted by the participating employer.

According to State statute, contributions for all employers are actuarially determined each year. For the year ended December 31, 2019, the actuarially determined contribution rate was 9.99% of member’s compensation for Plan A and 7.01% of member’s compensation for Plan B. However, the actual rate for the fiscal year ending December 31, 2019 was 11.5% for Plan A and 7.50% for Plan B.

According to State statute, PERS also receives ¼ of 1% of ad valorem taxes collected within the respective parishes except for Orleans and East Baton Rouge parishes. PERS also receives revenue sharing funds each year as appropriated by the Louisiana Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member’s compensation. These additional sources of income are used as additional employer contributions and are considered support from non-contributing entities.

Administrative costs of PERS are financed through employer contributions.

The Authority’s employer and employee contributions to PERS for the measurement date fiscal year ended December 31, 2019 were as follows:

| Source | Contribution Amount | Covered Payroll | Percent of Covered Payroll |
|----------|------------------------|-----------------|----------------------------------|
| Employee | \$ 11,503 | 121,086 | 9.5% |
| Employer | 13,925 | 121,086 | 11.5% |
| | \$ 25,428 | | |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Authority reported a liability of \$1,178,593 for its proportionate share of the PERS Net Pension Liability/Asset (NPL/A). The NPL/A for PERS was measured as of December 31, 2019, and the total pension liability(asset) used to calculate the NPL/A was determined based on an actuarial valuation as of that date. The Authority's proportion of the NPL/A was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contribution of all participating employers, actuarially determined. As of December 31, 2019, the most recent measurement date, the Authority's proportion was 0.010358%, an increase of 0.010358 % from the December 31, 2018 proportion.

For the year ended December 31, 2020, the Authority recognized a total pension expense of \$33,280. This amount was made up of the following:

| Components of Pension Expense | Amount |
|--|------------------|
| Authority's pension expense per the PERS | \$ 13,265 |
| Authority's amortization of actual contributions over its propottionate share of contribution | 2 |
| Authority's pension expense related to Authority's employees which participate in Jefferson Parish PERS retirement system | 20,013 |
| Total Pension Expense Recognized by the Authority | <u>\$ 33,280</u> |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

At year end, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ - | \$ 4,365 |
| Differences between projected and actual investment earnings | - | 18,278 |
| Change in assumptions | 6,810 | - |
| Change in proportionate share of the NPL | 11,453 | - |
| Differences between the District's contributions and its proportionate share of contributions | | 9 |
| Authority's contribution prior to the December 31, 2019 measurement date | (7,553) | |
| Authority's contributions subsequent to the December 31, 2019 measurement date | 13,925 | - |
| | \$ 24,635 | \$ 22,652 |

Deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date in the amount of \$13,925 will be recognized as a reduction of the PERS NPL/A in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended December 31, | Amount of Amortization |
|---------------------------------------|-----------------------------------|
| 2020 | \$ 310 |
| 2021 | (750) |
| 2022 | 4,287 |
| 2023 | (8,227) |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Actuarial Assumptions

The current year actuarial assumptions utilized for this report are based on the assumptions used in the December 31, 2019 actuarial valuation, which (with the exception of mortality) were based on results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, unless otherwise specified.

A summary of the actuarial methods and assumptions used in determining the total pension liability/(asset) as of December 31, 2019, are as follows:

| Description | Assumptions / Methods |
|----------------------------------|---|
| Valuation Date | December 31, 2019 |
| Actuarial Cost Method | Plan A & B - Entry Age Normal |
| Investment Rate of Return | 6.50% (Net of investment expense), including inflation |
| Expected Remaining Service Lives | 4 years |
| Projected Salary Increases | Plan A - 4.75% & Plan B - 4.25% |
| Cost of Living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increase not yet authorized by the Board of Trustees. |
| Mortality | Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants. |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

The Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the CAPM pricing model (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.43% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of December 31, 2019 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|------------------------------------|---|
| Fixed income | 35% | 1.05% |
| Equity | 52% | 3.41% |
| Alternatives | 11% | 0.61% |
| Real assets | 2% | 0.11% |
| Totals | <u>100%</u> | <u>5.18%</u> |
| Inflation | | <u>2.00%</u> |
| Expected Arithmetic Nominal Return | | <u>7.18%</u> |

The mortality rate assumption used was set based upon an experience study performed on plan data for the period January 1, 2013 through December 31, 2017. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. As a result of this study, mortality for employee was set equal to the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females, each with full generational projection using the MP2019 scale.

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Discount Rate

The discount rate used to measure the total pension liability/(asset) was 6.50% for Plan A and 6.50% for Plan B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the PERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the NPL/A to Changes in the Discount Rate

The following presents the Authority's proportionate share of the NPL/A using the current discount rate of 6.50%, as well as what the Authority's proportionate share of the NPL/A would be if it were calculated using a discount rate that is one percentage-point lower or one percentage higher than the current rate.

| | <u>Changes in Discount Rate 2019</u> | | |
|---|--------------------------------------|--------------------------|--------------|
| | 1% Decrease | Current Discount Rate | 1% Increase |
| | <u>5.50%</u> | <u>6.50%</u> | <u>7.50%</u> |
| Authority's Proportionate Share of the Net Pension Liability (Asset) | \$ 52,700 | \$ 488 | \$ (43,266) |

Pension Plan Fiduciary Net Position

The components of the net position liability of PERS employers as of December 31, 2019, are as follows:

| | <u>Plan A</u> | <u>Plan B</u> |
|-------------------------------|----------------------|-----------------------|
| Total Pension Liability | \$ 4,096,496,036 | \$ 353,658,341 |
| Plan Fiduciary Net Position | <u>4,091,788,575</u> | <u>360,893,172</u> |
| Net Pension Liability (Asset) | <u>\$ 4,707,461</u> | <u>\$ (7,234,831)</u> |

JEFFERSON PARISH FINANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

Note 8. Pension Expense, Net Pension Liability

Detailed information about PERS's fiduciary net position is available in the separately issued December 31, 2019 financial report. This report can be found on the Louisiana Legislative Auditor's website (www.lila.la.gov) in the database of reports.

Payables to the Pension Plan

At December 31, 2020, the Authority had no payables to PERS for the fourth quarter 2020.

Note 9. PILOT Program - Terrytown

In February 2020, The Authority executed an intergovernmental agreement between with Jefferson Parish (the Parish). The public purpose of the project is described as implementing a Pilot Program to enhance, transform, and revitalize the housing stock of Terrytown neighborhood in Jefferson Parish which will improve the quality of life and general welfare of the citizens living in Jefferson Parish and promote future economic development in the surrounding neighborhood. Jefferson Parish Council District 1 allocated \$250,000 as seed money for the Pilot Program for the purposes of constructed a model home and/or renovating an existing home for the Pilot Program. The Parish paid to the Authority \$250,000 to implement the Pilot program.

In February 2020, the Authority executed a cooperative endeavor agreement with the New Orleans Education League of the Construction Industry (NOEL), an independent non-profit organization, in consultation with the Home Builders Association of Greater New Orleans. NOEL accepted the role of construction manager, property purchaser, homebuilder (renovator) administration. Home seller in the Pilot Program. The Authority transferred to NOEL \$250,000 pursuant to a draw schedule.

In December 2020, the model home was completed and offer on the home was accepted. NOEL closed on the home sale in January 2021 and subsequently returned to the Authority \$246,742 (which represents the sales proceeds less the cost to build).

Note 10. CARES Act – Grant Revenue

In 2020, the Authority received \$3 thousand in Cares grant funding to purchase laptop computers and software.

Note 11. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 26, 2021.

SUPPLEMENTAL INFORMATION

JEFFERSON PARISH FINANCE AUTHORITY
 SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Year Ended December 31, 2020

| Year Ended December 31, | Plan | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position As a Percentage of the Total Pension Liability |
|----------------------------|----------------|--|--|--|---|--|
| 2019 | PERS Plan A | 0.010358% | \$ 488 | \$ 121,086 | 0.4% | 99.89% |

*Amounts presented were determined as of the measurement date

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

JEFFERSON PARISH FINANCE AUTHORITY
 SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
 Year Ended December 31, 2020

| Year Ended December 31, | Plan | Contractual ly Required Contribution | Contributions in Relation to Contractual ly Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contribution as a % of Covered Employee Payroll |
|----------------------------|----------------|--|--|--|---|---|
| 2019 | PERS Plan A | \$ 13,925 | \$ 13,925 | \$ - | \$ 121,086 | 11.5% |

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION BY PROGRAM
(In Thousands)
As of December 31, 2020

| | 1991 Program | 2009ACF Program | HOME Program | PILOT Program | Total |
|--|-----------------|--------------------|-----------------|------------------|------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 727 | \$ 561 | \$ 338 | \$ - | \$ 1,626 |
| Investment securities at fair value | 8,112 | - | - | - | 8,112 |
| Accrued interest receivable | 58 | 22 | - | - | 80 |
| Down payment assistance and other receivables | 161 | - | - | 247 | 408 |
| Mortgage-backed securities | 716 | 9,056 | - | - | 9,772 |
| Total Assets | \$ 9,774 | \$ 9,639 | \$ 338 | \$ 247 | \$ 19,998 |
| Defererd Outflows of Resources | | | | | |
| Deferred outflows related to net pension liability | \$ 25 | \$ - | \$ - | \$ - | \$ 25 |
| Liabilities | | | | | |
| Accrued interest payable | \$ - | \$ 17 | \$ - | \$ - | \$ 17 |
| Other liabilities | 61 | - | 331 | - | 392 |
| Net pension liability | 1 | - | - | - | 1 |
| Bonds payable | - | 8,630 | - | - | 8,630 |
| Total Liabilities | \$ 62 | \$ 8,647 | \$ 331 | \$ - | \$ 9,040 |
| Defererd Inflows of Resources | | | | | |
| Deferred inflows related to net pension liability | \$ 23 | \$ - | \$ - | \$ - | \$ 23 |
| Net Position | | | | | |
| Restricted for debt | \$ - | \$ 992 | \$ - | \$ - | \$ 992 |
| Restricted for program | - | - | - | 247 | 247 |
| Unrestricted | | | | | |
| Undesignated | 1,363 | - | - | - | 1,363 |
| Designated | 8,351 | - | 7 | - | 8,358 |
| Total Net Position | \$ 9,714 | \$ 992 | \$ 7 | \$ 247 | \$ 10,960 |

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2020

| | 1991 Program | 2009ACF Program | HOME Program | PILOT Program | Total |
|--|-----------------|--------------------|-----------------|------------------|------------------|
| Operating Revenues | | | | | |
| Investment income on mortgage loans | \$ 47 | \$ 356 | \$ - | \$ - | \$ 403 |
| (Depreciation) appreciation in fair market value of investments and mortgage backed securities | 178 | 163 | - | - | 341 |
| Investment income on investment securities | 108 | - | - | - | 108 |
| JMAP and SMAP revenue | 78 | - | - | - | 78 |
| Grant revenue | 3 | - | - | 250 | 253 |
| Other revenue | 10 | - | 1 | - | 11 |
| Total Operating Revenues | 424 | 519 | 1 | 250 | 1,194 |
| Operating Expenses | | | | | |
| Interest on debt | - | 221 | - | - | 221 |
| Servicing fees | - | 49 | - | - | 49 |
| Trustee fees | 24 | 4 | 1 | 1 | 30 |
| Uncollected down payment assistance | 4 | - | - | - | 4 |
| Grant expense | 15 | - | - | 2 | 17 |
| Other operating expenses | 559 | - | - | - | 559 |
| Total Operating Expenses | 602 | 274 | 1 | 3 | 880 |
| Change in net assets before other financing sources (uses) | (178) | 245 | - | 247 | 314 |
| Other financing sources (uses) | | | | | |
| Operating transfers (issuer fee) | 85 | (85) | - | - | - |
| Change in Net Assets | (93) | 160 | - | 247 | 314 |
| Net Position at Beginning of Year | 9,807 | 832 | 7 | - | 10,646 |
| Net Position at End of Year | \$ 9,714 | \$ 992 | \$ 7 | \$ 247 | \$ 10,960 |

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF CASH FLOWS BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2020

| | 1991 Program | 2009ACF Program | HOME Program | PILOT Program | Total |
|--|-----------------|--------------------|-----------------|------------------|-----------------|
| Cash flows from operating activities: | | | | | |
| Cash receipts for: | | | | | |
| Investment income on mortgage backed securities | \$ 47 | \$ 361 | \$ - | \$ - | \$ 408 |
| Investment income on investment securities | 116 | - | - | - | 116 |
| JMAP and SMAP income | 78 | - | - | - | 78 |
| Jefferson Parish Community Development Program | - | - | 333 | - | 333 |
| Down payment assistance | 352 | - | - | - | 352 |
| Other revenue | 13 | - | 1 | - | 14 |
| Grant payments | - | - | - | 250 | 250 |
| Cash payments for: | | | | | |
| Down payment assistance | (354) | - | - | - | (354) |
| Interest on debt | - | (224) | - | - | (224) |
| Jefferson Parish Community Development Program | - | - | (231) | - | (231) |
| Servicing fees | - | (49) | - | - | (49) |
| Trustee fees | (24) | (4) | (1) | (1) | (30) |
| Grant payments | (15) | - | - | (249) | (264) |
| Other operating expenses | (564) | - | - | - | (564) |
| Net cash (used in) provided by operating activities | <u>(351)</u> | <u>84</u> | <u>102</u> | <u>-</u> | <u>(165)</u> |
| Cash flows from noncapital financing activities: | | | | | |
| Bond principal payments | - | (1,570) | - | - | (1,570) |
| Operating transfers (issuer fee) | 85 | (85) | - | - | - |
| Net cash (used in) provided by noncapital financing activities | <u>85</u> | <u>(1,655)</u> | <u>-</u> | <u>-</u> | <u>(1,570)</u> |
| Cash flows from investing activities | | | | | |
| Proceeds from sales/matured investments | 3,402 | - | - | - | 3,402 |
| Proceeds from mortgage loan repayments | 157 | 1,967 | - | - | 2,124 |
| Acquisition of investment securities | (2,942) | - | - | - | (2,942) |
| Net cash (used in) provided by investing activities | <u>617</u> | <u>1,967</u> | <u>-</u> | <u>-</u> | <u>2,584</u> |
| Net (decrease) increase in cash and cash equivalents | <u>351</u> | <u>396</u> | <u>102</u> | <u>-</u> | <u>849</u> |
| Cash and cash equivalents at beginning of the year | <u>376</u> | <u>165</u> | <u>236</u> | <u>-</u> | <u>777</u> |
| Cash and cash equivalents at the end of the year | <u>\$ 727</u> | <u>\$ 561</u> | <u>\$ 338</u> | <u>\$ -</u> | <u>\$ 1,626</u> |
| Reconciliation of changes in net position to net cash used in operating activities: | | | | | |
| Changes in net position | \$ (178) | \$ 245 | \$ - | \$ - | \$ 67 |
| Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities: | | | | | |
| Depreciation (appreciation) in investments and mortgage backed securities | (178) | (163) | - | - | (341) |
| (Increase) decrease in assets: | | | | | |
| Change in accrued interest receivable | 8 | 5 | - | - | 13 |
| Increase (decrease) in liabilities: | | | | | |
| Change in accrued expenses and accounts payable | (3) | - | - | - | (3) |
| 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 | <u>\$ (351)</u> | <u>\$ 84</u> | <u>\$ 102</u> | <u>\$ -</u> | <u>\$ (165)</u> |

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF OPERATING EXPENSES
(In Thousands)
For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|-----------------|-----------------|
| Operating Expenses | | |
| Advertising | \$ 20.3 | \$ 41.8 |
| Auto Expense | 8.6 | 8.7 |
| Capital Acquisitions | 7.2 | 0.6 |
| Computer Expense | 10.4 | 5.5 |
| Dues and Subscriptions | 2.1 | 2.3 |
| Education and Seminars | 0.3 | 3.5 |
| Fees | - | - |
| Insurance | 49.6 | 43.9 |
| Miscellaneous Expense | 0.3 | 0.6 |
| Office Expense | 0.5 | 0.3 |
| Parish Assessment Expense | 10.6 | 17.9 |
| Pension and Retirement | 33.3 | 15.2 |
| Physcials and drug tests | 0.7 | - |
| Postage | 0.6 | 0.6 |
| Professional Fees | 70.1 | 70.3 |
| Rent | 28.3 | 28.3 |
| Salaries and Wages | 276.7 | 272.3 |
| Telephone | 2.7 | 2.9 |
| Training | 1.6 | 1.6 |
| Travel | - | 5.3 |
| Security | 7.3 | 7.0 |
| Board Per Diem | 27.2 | 33.3 |
| | <u>27.2</u> | <u>33.3</u> |
| Total Operating Expenses | <u>\$ 558.4</u> | <u>\$ 561.9</u> |

**JEFFERSON PARISH FINANCE AUTHORITY
 SCHEDULE OF BOARD MEMBERS' COMPENSATION
 For the Year Ended December 31, 2020**

The members of the Jefferson Parish Finance Authority's (the Authority) Board of Trustees receive per diem payments for 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, 2020, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

| | <u>Regular Board Meetings</u> | <u>Extra Meetings Attended</u> | <u>2020 Total</u> |
|----------------------|---------------------------------------|--|-------------------|
| Allemore, Lynwood | 14 | 1 | 15 |
| Berthelot, Jackie | 20 | 4 | 24 |
| Bourgeois, Sally | 7 | - | 7 |
| Boyter, Mitchell | 20 | 2 | 22 |
| DiMarco, Dennis | 21 | 4 | 25 |
| Faia, Gregory | 16 | 4 | 20 |
| Muscarello, Frank L. | 21 | 4 | 25 |
| Planer, Marcy L. | 21 | 2 | 23 |
| Smith, Carol | 19 | 1 | 20 |

Per Diem Payment:

| | <u>2020</u> |
|----------------------|------------------|
| Allemore, Lynwood | \$ 2,250 |
| Berthelot, Jackie | 3,600 |
| Bourgeois, Sally | 1,050 |
| Boyter, Mitchell | 3,300 |
| DiMarco, Dennis | 3,750 |
| Faia, Gregory | 3,000 |
| Muscarello, Frank L. | 3,750 |
| Planer, Marcy L. | 3,450 |
| Smith, Carol | 3,000 |
| | <u>\$ 27,150</u> |

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF
EXECUTIVE OFFICER
For the Year Ended December 31, 2020

| Period | Ruth Lawson /2020 - 12/31/2020 | Valerie Brolin 1/1/2020 - 1/7/2020 |
|--|--|--|
| Purpose | Amount | Amount |
| Salary | \$ 121,087 | \$ 6,229 |
| Benefits-Medical Insurance | 5,655 | - |
| Benefits-Retirement | 14,833 | 763 |
| Benefits-Life Insurance | 139 | - |
| Benefits-Other | 2,763 | 234 |
| Benefits-Accrued leave reimbursement | 2,181 | 4,808 |
| Car Allowance | 8,625 | - |
| Cell Phone | 1,320 | - |
| Conference Hotel | - | - |
| Conference Travel | - | - |
| Registration Fees | - | - |
| Vehicle provided by government | - | - |
| Per Diem | - | - |
| Travel-Other Meetings | - | - |
| Registration fees - 2020 NALHFA Virtual Conference | 199 | - |
| Registration fees - Jefferson Chamber Engage 2020 Annual Meeting | 85 | - |
| Tuition Jefferson Chamber of Commerce Leadership Class of 2020 | 1,550 | - |
| Continuing Professional Education Fees | - | - |
| Unvoucherd Expense | - | - |
| | <u>\$ 158,437</u> | <u>\$ 12,034</u> |

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 year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 26, 2021.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2020-1

We noted certain matters that we reported to management in a separate letter dated April 26, 2021.

Jefferson Parish Finance Authority's Response to Finding

Jefferson Parish Finance Authority's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Jefferson Parish Finance Authority's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

April 26, 2021

**JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020**

We have audited the financial statements of Jefferson Parish Finance Authority (the Authority) as of and for the year ended December 31, 2020, and have issued our report thereon dated April 26, 2021. 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, 2020, resulted in an unmodified 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, 2020, and therefore is exempt from the audit requirements under the Uniform Guidance.

Section II Financial Statement Findings

a. Issues of Noncompliance

2020-1 Compliance with Ethics Training / Written Ethics Policy

Criteria: The Louisiana statute R.S. 42:1170 (3)(a)(i) requires that all public servants complete a minimum of one hour of education and training on the Code of Governmental Ethics during each year of their public employment or term of office.

Condition: Two of six employees/board members selected for examination did not complete the required annual ethics training prior to December 31, 2020. The Authority follows the Code of Ethics promulgated by Jefferson Parish but does not have a written ethics policy specific to the organization.

Cause: The Authority's lack of monitoring procedure related to governmental ethics training caused a failure in achieving ethics training for all employees and board members.

**JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020**

Section II Financial Statement Findings (continued)

b. Issues of Noncompliance

Effect: Not all of the Authority's employees and board members received the annual ethics training.

Recommendation: Management should enhance the current a written ethics policy, regarding 1) monitoring of ethics training completion, (2) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (3) actions to be taken if an ethics violation takes place, (4) system to monitor possible ethics violations, and (5) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management's Response Management concurred with the finding and outlined a plan of corrective action. See page 51

c. Significant Deficiency

None.

c. Material Weakness

None.

d. Management Letter

2020-2 Disaster Recovery/Business Continuity Policy

Criteria: As a best practice the Authority should have a written Disaster Recovery/Business Continuity policy, which includes: (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Condition: The Authority does not have a written disaster recovery / business continuity policy.

Cause and Effect: The Authority does not have a disaster recovery/business continuity plan to ensure that all data and system processes can be recovered after a disaster. A formal disaster recovery/business continuity plan should exist for the timely restoration of all critical entity operations in the event that normal data processing facilities are unavailable for an extended period of time.

**JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2020**

Section II Financial Statement Findings (continued)

Recommendation: The Authority should develop a written disaster recovery/business continuity that outlines the items cited above.

Management's Response: Management concurred with the finding and outlined a corrective action plan on page 51.

d. Management Letter

2020-3 Upgrade Accounting Software System and Cross Training Critical Tasks

Criteria: Cross training staff to handle critical tasks offers numerous benefits for business continuity. Having an accounting system that is intuitive and simple in execution will assist in the execution of cross training.

Condition: The Authority's current accounting software Great Plains is a complex software that can be overwhelming and is not intuitive in its interface. The complexity of the maintenance and use of the current software does not foster an environment for cross training.

Cause and Effect: Due to the complexity of the accounting software an absence of employee involved in critical accounting task could impede the accounting controls in place.

Recommendation: The Authority should explore a more intuitive less complex accounting software that lends itself to cross training, while maintaining segregation of duties and strong internal controls over financial reporting.

Management's Response: Management concurs with the recommendation and their corrective action plan can be found on page 51

Section III Federal Award Findings and Questions Costs

None

**JEFFERSON PARISH FINANCE AUTHORITY
MANAGEMENT'S CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2020**

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

2020-1 Compliance with Ethics Training / Written Ethics Policy

- Management acknowledges ethics training is vital in a government agency and agrees with the finding and will develop a monitoring procedure to ensure all employees and board members comply with the annual training requirement.
- Management agrees with the finding to improve its written ethics policy. The policy is to include: (1) monitoring of ethics training (2) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (3) actions to be taken if an ethics violation takes place, (4) system to monitor possible ethics violations, and (5) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

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

None

Section III – Management Letter

2020-2 Disaster Recovery/Business Continuity Policy

- Management agrees with the recommendation. Management will create a written Disaster Recovery/Business Continuity policy to include (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

2020-3 Upgrade Accounting Software System and Cross Training Critical Tasks

- Management agrees with the recommendation. Management will evaluate new accounting software and implement the new software that will enhance current controls and provide for cross training.

**JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended December 31, 2020**

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.