JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017

Camnetar & Co., CPAs
a professional accounting corporation

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL REPORT

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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, 2016 and 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of December 31, 2016 and 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the year ended December 31, 2017, the Authority was subject to an audit by the Jefferson Parish Office of Inspector General. Our opinion is not modified with respect to this matter.

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 4-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
May 10, 2018

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, 2017 and 2016, and should be 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.

FINANCIAL HIGHLIGHTS

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

2017

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

The Authority's financial highlights include:

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

FINANCIAL HIGHLIGHTS (Continued)

2016

The Authority's net position represents 28% of its total assets. With total assets approximating $37 Million, the Authority has an increase in net position of approximately $878 thousand for the year ended December 31, 2016.

The Authority's financial highlights include:

- During the year ended December 31, 2013, the Authority created a new program the Jefferson Mortgage Assistance Program (JMAP) and during the year ended December 31, 2014, the Authority created Southern Mortgage Assistance Program (SMAP) which transacted its first mortgage down payment assistance in January 2015. JMAP and SMAP were merged in September 2015 with SMAP as the current name of the program. In 2016, the programs had $181 thousand in revenues and $4 thousand in direct administrative expenses. The Authority utilizes its current operational budget and administration to support this program.

- The Authority's net position increased by $878 thousand due to the excess of revenues over expense during the fiscal year.

- The Authority's total assets decreased by $19 thousand primarily due to the sale of mortgage-backed securities, the proceeds of which were used to redeem bonds during the fiscal year.

- The Authority's total liabilities decreased by $19 thousand primarily due to the redemption of bonds in the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

FINANCIAL ANAYLSIS OF THE AUTHORITY

Net Position

2017

The Authority's total net position at December 31, 2017, increased to $10,857, an increase of 2% from December 31, 2016. (See Table A-1) Total assets decreased by $13,001 due primarily to a decrease in mortgage-backed securities of $7,419 and decrease in investment securities at fair value of $4,957. During 2017, the Authority liquidated investments of $5,970 and mortgage-backed securities of $5,406 in the bond programs 2007B, 2007C, 2008B. These liquidations were used to decrease bonds in these respective programs in the amount of $10,941. Liabilities decreased by $13,254 due to the decrease in bonds payable of $13,206 and decrease in other liabilities of $48.

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

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

FINANCIAL ANALYSIS (Continued)

Net Position

2016

The Authority's total net position at December 31, 2016, increased to $10,604, an increase of 9% from December 31, 2015. (See Table A-2) Total assets decreased by $18,968 due primarily to a decrease in mortgage-backed securities of $17,687 and decrease in investment securities at fair value of $1,568. During 2016 the Authority liquidated investments of $7,961 and mortgage-backed securities of $8,338 in the bond programs 2006B, 2006C, and 2006D. These liquidations were used to decrease bonds in these respective programs in the amount of $13,710. During 2016, the Authority liquidated mortgage-backed securities of $6,228 in the bond program 2007C, this liquidation was used to purchase $5,495 in investments in the program. Liabilities decreased by $19,846 due to the decrease in bonds payable of $17,655 and decrease in other liabilities of $2,191.

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

	2016	2015	Increase (Decrease)
Cash and cash equivalents	$ 1,164	$ 917	$ 247
Investments	12,747	14,315	(1,568)
Mortgage-backed securities	22,885	40,572	(17,687)
Other assets	612	572	40
Total assets	$ 37,408	$ 56,376	$ (18,968)
Other liabilities	$ 348	$ 2,539	$ (2,191)
Bonds payable	26,456	44,111	(17,655)
Total liabilities	26,804	46,650	(19,846)
Net position			
Restricted for debt	1,681	1,769	(88)
Unrestricted			
Undesignated	968	1,141	(173)
Designated	7,955	6,816	1,139
Total net position	10,604	9,726	878
Total liabilities and net position	$ 37,408	$ 56,376	$ (18,968)

FINANCIAL ANALYSIS (Continued)
Changes in Net Position

2017
As seen in Table A-3, operating revenues decreased by $1,711 or 54% to $1,456. This decrease in revenue is primarily due to the reduction of income from mortgage back securities from programs 2006C, 2006D, and 2007C which were redeemed in 2016. In addition, there was a reduction of income from mortgage backed securities in the 2007B and 2008B programs that were redeemed to reduce the respective bonds associated with those programs. Also, during the year, investment income on mortgage loans and investments increased due to market conditions.

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

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

As seen in Table A-4, total operating expenses decreased $1,086 due to a decrease in bond interest, bond retirement costs, and servicing fees. The decrease in interest payments on debt is due to the redemption of bond programs 2007B, 2007C and 2008B.

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

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

FINANCIAL ANALYSIS (Continued)
Changes in Net Position

2016
As seen in Table A-5, operating revenues increased by $1,666 or 111% to $3,167. This increase in revenue is primarily due to revenue recognized on the unamortized bond premium of bonds redeemed during 2016 offset by depreciation in fair value on investments. During the year, Investment income on mortgage loans and investments increased due to market conditions.

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

	2016	2015	Increase (Decrease)
Operating revenues			
Investment income on mortgage loans	$ 2,656	$ 1,934	$ 722
(Depreciation) appreciation in fair market value of investments in mortgage backed securities	(1,001)	(719)	(282)
Investment income on investment securities	176	101	75
Other	1,336	185	1,151
Total operating revenues	3,167	1,501	1,666
Operating expenses	2,289	2,380	(91)
Change in net position	878	(879)	1,757
Total net position, beginning of the year	9,726	10,605	(879)
Total net position, end of the year	$ 10,604	$ 9,726	$ 878

As seen in Table A-6, total operating expenses decreased $91 due to a decrease in bond interest and servicing fees. The decrease in interest payments on debt is due to the redemption of bond programs 2006B, 2006C and 2006D. The redemption of bonds realized an increase in bond retirement costs.

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

	2016	2015	Increase (Decrease)
Interest on debt	$ 1,138	$ 1,385	$ 247
Bond issuance costs and other costs	-	80	80
Bond retirement costs	285	-	(285)
Servicing fees	152	202	50
Trustee fees	46	53	7
Other operating expenses	668	660	(8)
Total operating expenses	$ 2,289	$ 2,380	$ 91

DEBT ADMINISTRATION

2017

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

2016

Total indebtedness for bonds payable was $26 million as of December 31, 2016, compared to $44 million at December 31, 2015. The decrease in bonds payable is the result of payoff of the 2006B, 2006C and 2006D programs during fiscal year 2016. All bond debt covenants have been met.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

- Mortgage rates remain low creating continued pressure on the existing programs to reduce user fees though mortgage rate refinancing (reductions).

- Long term planning for bond programs continues to be difficult due to the uncertainty of the future of government backed securities. However, as market conditions continue to improve, the Authority should be able to offer new bond programs.

- Because the current market condition is not conducive to the issuance of new bond programs, the Authority continues to offer its SMAP program which provides a fee to the Authority as each loan is sold. The JPFA also continues to look for opportunities to partner with other regional parishes to administer the SMAP program. In 2017, JPFA expanded the SMAP program to include St. Bernard Parish.

- In 2017, the JPFA and CAFA (Capital Area Finance Authority) entered into an agreement wherein borrowers are permitted to originate their mortgage loans, in Jefferson Parish, with Mortgage Brokers as the current SMAP program doesn't permit the use of them. The originated loans are securitized into MBS Certificates and are then sold to investors. The proceeds from the sale of the certificates are split 50/50 between CAFA and the JPFA.

CONTACTING THE AUTHORITY'S FINANCIAL MANGEMENT

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

JEFFERSON PARISH FINANCE AUTHORITY
STATEMENTS OF NET POSITION
(In Thousands)
As of December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	$ 755	$ 1,164
Investment securities at fair value	7,790	12,747
Mortgage-backed securities	15,466	22,885
Accrued interest receivable	93	112
Down payment assistance and other receivables	303	500
Total Assets	$ 24,407	$ 37,408
Liabilities and Net Position		
Liabilities		
Bonds payable	$ 13,250	$ 25,278
Premium on bonds payable	-	1,178
Accrued interest payable	26	75
Other liabilities	274	273
Total Liabilities	13,550	26,804
Net Position		
Restricted for debt	710	1,681
Unrestricted		
Undesignated	1,644	968
Designated	8,503	7,955
Total Net Position	10,857	10,604
Total Liabilities and Net Position	$ 24,407	$ 37,408

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, 2017 and 2016

	2017	2016
Operating Revenues		
Investment income on mortgage loans	$ 1,116	$ 2,656
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(567)	(1,001)
Investment income on investment securities	192	176
JMAP and SMAP revenue	103	181
Gain on bond premium recognized on early debt retirement	606	1,144
Other revenue	6	11
Total Operating Revenues	1,456	3,167
Operating Expenses		
Interest on debt	355	1,138
Bond retirement costs	106	285
Servicing fees	93	152
Trustee fees	36	46
Other operating expenses	613	668
Total Operating Expenses	1,203	2,289
Change in Net Position	253	878
Net Position at the Beginning of the Year	10,604	9,726
Net Position at the End of the Year	$ 10,857	$ 10,604

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, 2017 and 2016

	2017	2016
Cash flows from operating activities		
Cash receipts for:		
Investment income on mortgage loans	$ 1,146	$ 2,742
Investment income on investment securities	179	161
JMAP and SMAP income	103	181
Jefferson Parish Community Development Program	96	107
Other revenue	6	11
Cash payments for:		
Down payment assistance	(370)	(108)
Interest on debt	(634)	(3,566)
Bond retirement costs	(106)	(285)
Servicing fees	(93)	(152)
Trustee fees	(36)	(46)
Other operating expenses	(710)	(716)
Net cash (used in) provided by operating activities	148	(1,671)
Cash flows from noncapital financing activities		
Bond principal payments	(12,028)	(16,096)
Bond premium transferred at redemption	(342)	(240)
Net cash (used in) provided by noncapital financing activities	(12,370)	(16,336)
Cash flows from investing activities		
Proceeds from sale of investment securities	6,045	15,791
Proceeds from sale of mortgage backed securities	4,556	12,721
Proceeds from mortgage loan repayments	2,938	3,986
Acquisition of investment securities	(1,726)	(14,244)
Acquisition of mortgage loans	-	-
Net cash (used in) provided by investing activities	11,813	18,254
Net (decrease) increase in cash and cash equivalents	(409)	247
Cash and cash equivalents at beginning of the year	1,164	917
Cash and cash equivalents at the end of the year	$ 755	$ 1,164
Reconciliation of changes in net position to net cash used in operating activities		
Changes in net position	$ 253	$ 878
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:		
Amortization of bond premium and discount	(230)	(174)
Bond premium recognized on early debt retirement	(606)	(1,144)
(Depreciation) appreciation in investments and mortgage backed securities	567	1,001
(Increase) decrease in assets:		
Change in accrued interest receivable	(6)	68
Change in down payment assistance receivable	214	(108)
Increase (decrease) in liabilities:		
Change in accrued expenses and accounts payable	(53)	(48)
Change in accrued interest payable	(43)	(2,251)
Change in other liabilities	(44)	107
Change in due to Jefferson Parish Community Development	96	-
Net cash (used in) provided by operating activities	$ 148	$ (1,671)

The accompanying notes are an integral part of these statements.

Note 1. Organization and Summary of Significant Accounting Policies

Authorizing Legislation

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

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

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

Authorizing Legislation

Date	Issue Name	Amount (in thousands)
June 28, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2007B (2007B Program)	$ 20,000
November 20, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2007C (2007C Program)	$ 30,000
November 10, 2008	Single Family Mortgage Revenue Bonds, Series 2008B (Federally Taxable) (2008B Program)	$ 10,000
November 22, 2011	Single Family Mortgage Revenue Bonds, Series 2009A Converted to Fixed Rate (2009ACF Program)	$ 25,000

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

During the year ended December 31, 2014, the 2006B mortgage backed securities were sold at a premium. In 2014, the proceeds from the sales of the mortgage backed securities were used to purchase United States Treasury Bills or Guaranteed Investment Contracts. In June 2016, the 2006B investments matured and the proceeds were used to redeem the bonds in full.

During the year ended December 31, 2016, the 2006C, 2006D, and 2007C mortgage backed securities were sold at a premium. In June 2016, the proceeds from the sales of the 2006C mortgage backed securities were used to redeem the 2006C bonds in full. In December 2016, the proceeds from the sales of the 2006D mortgage backed securities were used to redeem the 2006D bonds in full. In 2016, the proceeds from the sales of the mortgage backed securities of the 2007C program were used to purchase United States Treasury Bills and Guaranteed Investment Contracts. During 2017, the Authority sold the investments and retired the 2007C bond in June of 2017.

During the year ended December 31, 2017, the 2007B and 2008B mortgage backed securities were sold at a premium. In July 2017, the proceeds from the sales of the 2007B mortgage backed securities were used to redeem the 2007B bonds in full. In August 2017, the proceeds from the sales of the 2008B mortgage backed securities were used to redeem the 2008B bonds in full.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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's principal operating revenues are the interest and appreciation (depreciation) related to investments and mortgage/mortgage-backed securities.

Cash Equivalents

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

Investment Securities

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

Bond Retirement Costs

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

Refinancing Gains (Losses)

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

Gain or Loss on Debt Retirement

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

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

Real Estate Owned

Real estate owned, comprised of real estate acquired in partial settlement of loans, is recorded at the related unpaid loan principal balance at the time of foreclosure. Substantially all costs of maintaining real estate owned are reimbursed under various insurance coverages. The excess of the unpaid principal and accrued interest balances over sales proceeds realized is also reimbursed under various insurance coverages. The Authority has no real estate owned properties at December 31, 2017 and 2016.

Estimates

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

Compensated Absences

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

At December 31, 2017, the amount of compensated absence liability recorded by the Authority was $24 thousand.

Note 2. Cash, Cash Equivalents, Investment Securities, and Mortgage Backed SecuritiesLoan 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, 2017, the Authority had no cash deposits at a local bank in excess of FDIC (Federal Deposit Insurance Corporation) coverage.

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

Investments and Mortgage Backed Securities

At December 31, 2017 and 2016, 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, 2017 and 2016 (in thousands):

	Unrestricted	Restricted	Total
2017			
Cash and cash equivalents	$ 254	$ 501	$ 755
Investments	7,790	-	7,790
Mortgage backed securities	1,821	13,645	15,466
	$ 9,865	$ 14,146	$ 24,011
2016			
Cash and cash equivalents	$ 546	$ 618	$ 1,164
Investments	6,815	5,932	12,747
Mortgage backed securities	1,194	21,691	22,885
	$ 8,555	$ 28,241	$ 36,796

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, 2017 and 2016 (in thousands):

	2017 (in thousands)			2016 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash & Cash Equivalents						
1991 Program	$ 248	$ -	$ 248	$ 539	$ -	$ 539
2006D Program	-	-	-	-	391	391
2007B Program	-	-	-	-	2	2
2007C Program	-	-	-	-	26	26
2008B Program	-	-	-	-	10	10
2009ACF Program	-	298	298	-	82	82
HOME Program	6	203	209	7	107	114
Total Cash & Cash Equivalents	$ 254	$ 501	$ 755	$ 546	$ 618	$ 1,164

Components of Unrestricted Investments

The following are the components of the Authority's unrestricted investments, reported at fair value, by program at December 31, 2017 and 2016 (in thousands):

	2017 (in thousands)			2016 (in thousands)		
	US Treasury Notes	Municipal Bonds	Total	US Treasury Notes/Bills	Municipal Bonds	Total
Unrestricted Investments						
1991 Program	$ 1,189	$ 6,601	$7,790	$ 250	$ 6,565	$6,815

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

Components of Restricted Investments

The following are the components of the Authority's restricted investments, reported at fair value, by program at December 31, 2017 and 2016 (in thousands):

	2017 (in thousands)			2016 (in thousands)		
	Guranteed Investment Contracts	US Treasury Bills	Total	Guranteed Investment Contracts	US Treasury Bills	Total
Restricted Investments						
2007B Program	$ -	$ -	$ -	$ 145	$ -	$ 145
2007C Program	-	-	-	3,000	2,787	5,787
Total Restricted Investments	$ -	$ -	$ -	$ 3,145	$ 2,787	$ 5,932

Components of Mortgage Backed Securities

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

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

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

Components of Mortgage Backed Securities (Continued)

The following are the components of the Authority's mortgage-backed securities, reported at fair value, by program at December 31, 2017 and 2016 (in thousands):

	2017 (in thousands)			2016 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Mortgage Backed Securities						
GNMA Certificates						
1991 Program	$ 1,721	$ -	$ 1,721	$ 842	$ -	$ 842
2007B Program	-	-	-	-	1,749	1,749
2008B Program	-	-	-	-	1,416	1,416
2009ACF Program	-	13,645	13,645	-	16,314	16,314
	1,721	13,645	15,366	842	19,479	20,321
FNMA Certificates						
1991 Program	100	-	100	100	-	100
2007B Program	-	-	-	-	412	412
	100	-	100	100	412	512
FHLMC Certificates						
1991 Program	-	-	-	252	-	252
2007C Program	-	-	-	-	1,800	1,800
	-	-	-	252	1,800	2,052
Total Mortgage Backed Securities	$ 1,821	$ 13,645	$ 15,466	$ 1,194	$ 21,691	$ 22,885

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

Investments and Mortgage Backed Securities - Interest Rate Risk

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

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

	Remaining Maturity in Years				
	Fair Value	Less Than 1	1-5	5-10	>10
	(in thousands)				
Investments & Mortgage Backed Securities					
U.S. Treasury Notes & Bills	$ 1,189	$ 1,038	$ 151	$ -	$ -
Municipal Bonds	6,601	1,641	4,960	-	-
Mortgage-backed securities	15,466	-	-	-	15,466
	$ 23,256	$ 2,679	$ 5,111	$ -	$ 15,466

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

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

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

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

Program	Interest Rates
2009ACF Program	3.40%

Investments - Credit Quality Risk

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

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

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2017. (in thousands of dollars):

S&P Rating	Total	Mortgage-backed Securities
AA+	$ 15,466	$ 15,466
		-
	$ 15,466	$ 15,466

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

Investments and Mortgage Backed Securities - Concentration of Credit Risk

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

As of December 31, 2017, management believes all investments held and purchased for the Authority's portfolio during 2017, as it relates to Acts 374 and 1126 (effective June 29,1995) adhered to the permitted investments section of LSA-R.S. 33:2955. In particular, securities held or purchased during the year include only U.S. Treasury Bills, U.S. Treasury Notes, Hancock Horizon Treasury Securities Money Market Funds, and Federated Prime Obligation Funds.

Note 3. Bonds Payable

Bonds payable are as follows at December 31:

	2017	2016
Single Family Mortgage Revenue Refunding Bonds, Series 2007B dated June 1, 2007 - $3,495 due December 1, 2048 at 5.7% (plus premium on bonds of $372)	$ -	$ 3,867
Single Family Mortgage Revenue Refunding Bonds, Series 2007C dated October 31, 2007 - $110 due December 1, 2017 at 4.25%, and $1,395 due December 1, 2027 at 4.85%, and $590 due June 1,2039 at 5.70%, and $2,870 due December 1, 2039 at 5.50% (plus premium on bonds of $613)	-	5,578
Single Family Mortgage Revenue Refunding Bonds, Series 2008B dated November 10, 2008 - $1,258 due December 1, 2040 at 6.03% (plus premium on bonds of $193)	-	1,451

Note 3. Bonds Payable(Continued)

	2017	2016
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011- $13,250 due December 1, 2041 at 2.32%.	13,250	15,560
Total bonds payable and premium on bonds payable	$ 13,250	$ 26,456

The Authority is in compliance with its bond covenants at December 31, 2017 and 2016.

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

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

A summary of scheduled bond maturities (in thousands) as of December 31, 2017, is as follows:

	2018	2019	2020	2021	2022	2023 - 2027	2028 - 2032	2033 - 2037	Total
Principal:									
2009ACF Program	$ 1,023	$ 1,046	$ 1,071	$ 1,095	$ 1,121	$ 6,007	$ 1,887	$ -	$ 13,250
Total due each year	1,023	1,046	1,071	1,095	1,121	6,007	1,887	-	13,250
Interest									
2009ACF Program	307	284	259	235	209	638	36	-	1,968
Total due each year	307	284	259	235	209	638	36	-	1,968
Total due	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 1,330	$ 6,645	$ 1,923	$ -	$ 15,218

Note 3. Bonds Payable(Continued)

The principal balance on defeased bonds (in thousands) outstanding at December 31 are as follows:

	2017	2016
1985 Program -	$ -	$ 32,595
(Defeased by the 1994 "1985" Program)		

Note 4. Net Position

The net position included in the 1991 Program, totaling $10,147 thousand and $8,923 thousand as of December 31, 2017 and 2016, 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) $ 423.1 and $425.3 for the years ended December 31, 2017 and 2016, respectively.

As of December 31, 2017 and 2016, the Authority had other liabilities due to the Parish of Jefferson for the employee expenses in the amount of (in thousands) $0.5 and $51 respectively.

Note 5. Related Party Transactions (Continued)

The Authority pays the Parish of Jefferson for rent of its office space. The amounts (in thousands) were $17 and $17 for the years ended December 31, 2017 and 2016, respectively.

The Authority pays the Parish of Jefferson for security. The amounts (in thousands) were $7 and $5 for years ended December 31, 2017 and 2016, respectively.

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 administer the HOME investment Partnerships Program. This endeavor continued in 2017.

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

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

OIG Finding #1: JPFA Employees Misclassified as Parish Employees

> Authority's Response:
>
> On December 3, 1987, a letter from the Jefferson Parish Personnel Director was sent to the Authority's Chairman of the Board of Trustees stating the Authority's employees must be classified. The Personnel Director cited Article 4, 4.03 of the Jefferson Parish Charter and Rule I, 34 of the Personnel Rules as the basis for this decision. At that time, the Authority's employees were placed in Jefferson Parish Civil Service. The Authority has operated in accordance with that directive since that time.
>
> The Authority will comply with any new course of action determined by the Jefferson Parish government as a result of this finding.

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

OIG Finding #2: Executive Director Misclassification as a Parish Employee

Authority's Response:

The process by which Mr. Terry McCarthy was appointed Executive Director is outlined in a directive from the Chief Administrative Officer for Jefferson Parish dated May 14, 2009.

On May 14, 2009, a directive was written by the Jefferson Parish Chief Administrative Officer to the Jefferson Parish Finance Department Director approving the creation of the Authority's Executive Director position. The directive continued to request Mr. McCarthy (the newly appointed Executive Director) be transferred from one Jefferson Parish department to another, thereby transferring his sick and annual leave balances to a new department (the Authority). Mr. McCarthy retired as Executive Director in 2017.

In September 2017, Valerie Brolin was hired as Executive Director . The employment contract executed by Ms. Brolin and the Authority that acknowledges the Executive Director position is solely employed by the Authority and not Jefferson Parish.

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

Authority's Response:

The Assistant Director's status a Jefferson Parish employee was maintained in compliance with the above referenced 1987 directive from the Jefferson Parish Personnel Director. The Assistant Director, referenced in the finding, retired in November 2017. The position remains vacant by the intent of the Authority.

OIG Finding #4: Parish Retirement Benefits

Authority's Response:

It was the conclusion of the OIG, as outlined in the report, that because the Authority's employees are misclassified as Jefferson Parish employees and they are wrongfully participating in the Parochial Employees Retirement System of Louisiana (PERSLA) as members.

It is the position of the Authority, that all employees of the Authority, with the exception of Valerie Brolin, are properly classified as Jefferson Parish employees. It is important to note that although the Authority's employees are classified as Jefferson Parish employees participating in the PERSLA, this benefit is funded one hundred percent (100%) by the Authority.

The Authority contacted PERSLA regarding Valerie Brolin's eligibility to participate as a member of PERSLA as an employee of the Authority and not Jefferson Parish. The Authority received written confirmation from the Administrative Director of PERSLA which stated if Jefferson Parish remains the paymaster for the employees of the Authority and continues to collect and remit contributions to PERSLA on a monthly basis for these employees along with all employees of Jefferson Parish, the employees of the Authority will meet the definition of employee contained at R.S. 11:1902.

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

OIG Finding #5: Excessive Trustee Per Diem Payments

Authority's Response:

It was the recommendation of the OIG for the Authority to reduce its meeting frequency. The Authority's response was to consider this recommendation, but due to the transition period of a new Executive Director and the loss of the Authority's Assistant Director it would be irresponsible of the Board of Trustees to reduce its oversite at that time.

Update:

In March 2018, the Authority adopted a resolution to amend their by-laws to hold regular meetings of the Board of Trustees from weekly to the 1st and 3rd Monday of each month. The Jefferson Parish Council adopted a resolution in April 2018 to approve the amendment of the by-laws of the Authority.

OIG Finding #6: Travel Expenses

Authority's Response:

The Executive Director will evaluate current policies regarding travel expenses and reimbursements and make recommendations to the Board of Trustees to ensure any errors and/or oversights such as those outlined with the OIG report do not go un-remedied.

OIG Finding #7: Professional Service Fees

Authority's Response:

The Executive Director will evaluate current policies regarding procurement and make recommendations to the Board of Trustees that will include the continued advertisement for professional services via a Statement of Qualifications or Request for Proposals.

The Board of Trustees passed a resolution authorizing the Authority's general counsel to request an opinion from the Louisiana Attorney General regarding his compensation structure.

Professional fees paid for the sale of mortgage backed securities and redemption of bonds are consistent with industry norms and not recurring. Professional fees of this nature are incurred on a transactional basis and are only approved by a vote of the majority of the Board of Trustees.

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

OIG Finding #8: Premium Pricing to Borrowers – SMAP

Authority's Response:

The Authority strongly denounces the OIG's finding that its programs are wrongfully advertised as a grant.

The borrowers participating in the Southern Mortgage Assistance Program ("SMAP) are provided the option of choosing either three (3%) or four (4%) down payment assistance to purchase a home. At any point, the borrower can refinance or sell the property and would never be required to repay any portion of the down payment assistance. When purchasing the home, the borrower executes a disclosure acknowledging that the interest rate for the SMAP program will be higher as a result of receiving the down payment assistance. Although a higher interest rate is not always the case, the Authority modified its disclosure in 2015 in an effort to eliminate any possible miscommunication. In addition, participating lenders are legally required and have a fiduciary responsibility to disclose all financing options to the borrower, including options with the lowest possible interest rate and monthly note.

OIG Finding #9: Overpaid HOME Fund Service Fees

Authority's Response:

The Jefferson Parish Department of Community Development ("Community Development") initiated a Cooperative Endeavor Agreement with the Authority, whereby the Authority was to administer the distribution of funds and market the HOME program. Once the Authority began administering the program, it learned there was no need for marketing as Community Development had a list of pending recipients. As a result, the Authority did not have to perform any marketing services and was able to originate all of the funds without expending resources for marketing purposes. The Authority returned to Community Development those funds identified for marketing. The Authority continues to wire funds on behalf of Community Development.

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

OIG Finding #10: Agency Financial Position and Future Sustainability

Authority's Response:

With regard to the budget, the Authority adopts a conservative budget and outperforms the projections. The budget reflects the Authority's operations and complies with Louisiana state law. Extraordinary items noted in the OIG report were not planned at the time of the budget preparation. These transactions were opportunities that presented themselves during the fiscal year.

The OIG's report does not include a comprehensive presentation of the overall financial picture of the Authority and includes only some facts chosen to support the OIG's conclusions. It is especially concerning that the OIG would overlook certain financial information, thereby placing the Authority in the poorest posture possible. It is important to acknowledge the market has the most significant impact on the Authority's operations. As found on pages 162-163 of the OIG's report, the Authority's net position for years ended 2014 to 2016 were as follows: 2014 - $10,605,000, 2015 - $9,726,000, and 2016 - $10,604,000.

The ultimate goal is for the Authority to once again offer tax-exempt bond programs when the favorable market conditions return.

Finding #11: Questionable Operating Transfers

Authority's Response:

A common practice of the municipal housing finance industry is to sell certain bond assets after a period of time passes and an in-depth analysis of sale profitability is completed.

The Authority has bond programs outstanding on which it earns issuer fees. As long as the borrower is servicing his mortgage, the Authority receives revenue. Once mortgages become seasoned, prepayments and refinances typically begin, especially in a low rate environment as we are currently in. History shows the average mortgage remains outstanding for approximately seven (7) years before refinancing takes place. Once the mortgages are repaid due to refinance, the Authority no longer receives the issuer fee revenue.

The value of mortgages changes over time. As rates decline, the higher rate mortgages gain value and can be sold at a premium. Periodically, an analysis is conducted to determine the value of holding the mortgages and future issuer fees received based on prepayment speeds versus the income gained from the sale of these mortgages. The Board of Trustees conducts an evaluation and determines whether the potential future income (considering risk of prepayment and refinance) is greater than the surplus generated from the sale. Mortgages were sold when it was determined the surplus from the sale was greater than the future revenue.

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

Finding #11: Questionable Operating Transfers (continued)

Authority's Response (continued):

Once sold, the surplus from the mortgage sale is transferred from the specific bond fund to the Authority's residual account. These funds are not the "residual or the remainder" of the Authority as noted by the OIG. Rather, they are a surplus from the specific bond indenture. The reference made by the OIG would pertain to the funds remaining should the Authority cease to exist, in which case, those funds would be transferred to Jefferson Parish as the beneficiary of the Authority's trust.

Finding #12: Governance

Authority's Response:

The Authority will research several options as it relates to its current relationship with Jefferson Parish. The Authority may enter into an Intergovernmental Agreement (IGA) with Jefferson Parish to codify the Parish services and benefits it has accessed at the Authority's expense since its inception in 1979. This IGA would outline the appropriate payment for each service, benefit, and reimbursement to Jefferson Parish for each. This is one potential option for the Authority, while others are being considered.

Note 7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 10, 2018, and determined the following item should be disclosed.

The Authority adopted a resolution to amend the By-Laws to change the regular meetings of the Board of Trustees from weekly to the 1st and 3rd Monday of each month. This by-law amendment was ratified by the Jefferson Parish Council.

There are outstanding matters before the Jefferson Parish Council, the Louisiana Attorney General, and PERSLA relating to employee assignation, employee benefits, and intergovernmental activities with Jefferson Parish.

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 1
SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION BY PROGRAM
(In Thousands)
As of December 31, 2017

	1991 Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	HOME Program	Total
Assets								
Cash and cash equivalents	$ 248	$ -	$ -	$ -	$ -	$ 298	$ 209	$ 755
Investment securities at fair value	7,790	-	-	-	-	-	-	7,790
Mortgage-backed securities	1,821	-	-	-	-	13,645	-	15,466
Accrued interest receivable	56	-	-	-	-	37	-	93
Down payment assistance and other receivables	303	-	-	-	-	-	-	303
Total Assets	$ 10,218	$ -	$ -	$ -	$ -	$ 13,980	$ 209	$ 24,407
Liabilities and Net Position								
Liabilities								
Bonds payable	$ -	$ -	$ -	$ -	$ -	$ 13,250	$ -	$ 13,250
Premium on bonds payable	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	26	-	26
Other liabilities	71	-	-	-	-	-	203	274
Total Liabilities	71	-	-	-	-	13,276	203	13,550
Net Position								
Restricted for debt	-	-	-	-	-	704	6	710
Unrestricted								-
Undesignated	1,644	-	-	-	-	-	-	1,644
Designated	8,503	-	-	-	-	-	-	8,503
Total Net Position	10,147	-	-	-	-	704	6	10,857
Total Liabilities and Net Position	$ 10,218	$ -	$ -	$ -	$ -	$ 13,980	$ 209	$ 24,407

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 2
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2017

	1991 Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	HOME Program	Total
Operating Revenues								
Investment income on mortgage loans	$ 73	$ -	$ 471	$ -	$ 29	$ 543	$ -	$ 1,116
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(15)	-	(285)	(2)	(119)	(146)	-	(567)
Investment income on investment securities	162	-	2	27	-	1	-	192
JMAP and SMAP revenue	103	-	-	-	-	-	-	103
Bond premium recognized on early debt retirement	-	-	192	414	-	-	-	606
Other revenue	4	-	-	-	-	-	2	6
Total Operating Revenues	327	-	380	439	(90)	398	2	1,456
Operating Expenses								
Interest on debt	-	-	88	85	(154)	336	-	355
Bond retirement costs	-	-	86	20	-	-	-	106
Servicing fees	-	-	15	-	5	73	-	93
Trustee fees	27	-	-	-	-	6	3	36
Other operating expenses	613	-	-	-	-	-	-	613
Total Operating Expenses	640	-	189	105	(149)	415	3	1,203
Change in net assets before other financing sources (uses)	(313)	-	191	334	59	(17)	(1)	253
Other financing sources (uses)								
Operating transfers	1,537	(392)	(432)	(552)	(34)	(127)	-	-
Change in Net Assets	1,224	(392)	(241)	(218)	25	(144)	(1)	253
Net Position at Beginning of Year	8,923	392	241	218	(25)	848	7	10,604
Net Position at End of Year	$ 10,147	$ -	$ -	$ -	$ -	$ 704	$ 6	$ 10,857

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 3
STATEMENTS OF CASH FLOWS BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2017

	1991 Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	HOME Program	Total
Cash flows from operating activities:								
Cash receipts for:								
Investment income on mortgage loans	$ 73	$ -	$ 488	$ -	$ 35	$ 550	$ -	$ 1,146
Investment income on investment securities	146	-	2	30	-	1	-	179
JMAP and SMAP income	103	-	-	-	-	-	-	103
Jefferson Parish Community Development Program	-	-	-	-	-	-	96	96
Down payment assistance	567	-	-	-	-	-		567
Other revenue	4	-	-	-	-	-	2	6
Cash payments for:								
Down payment assistance	(370)	-	-	-	-	-	-	(370)
Interest on debt	-	-	(116)	(133)	(45)	(340)	-	(634)
Bond retirement costs	-	-	(86)	(20)	-	-	-	(106)
Servicing fees	-	-	(15)	-	(5)	(73)	-	(93)
Trustee fees	(27)	-	-	-	-	(6)	(3)	(36)
Other operating expenses	(710)	-	-	-	-	-	-	(710)
Net cash (used in) provided by operating activities	(214)	-	273	(123)	(15)	132	95	148
Cash flows from noncapital financing activities:								
Bond principal payments	-	-	(3,495)	(4,965)	(1,258)	(2,310)	-	(12,028)
Bond premium transferred at redemption	-	-	(169)	(173)	-	-	-	(342)
Operating transfers	1,536	(391)	(432)	(552)	(34)	(127)	-	-
Net cash (used in) provided by noncapital financing activities	1,536	(391)	(4,096)	(5,690)	(1,292)	(2,437)	-	(12,370)
Cash flows from investing activities								
Proceeds from sale of investment securities	-	-	258	5,787	-	-	-	6,045
Proceeds from sale of mortgage backed securities		-	3,631	-	925	-	-	4,556
Proceeds from mortgage loan repayments	-	-	45	-	372	2,521	-	2,938
Acquisition of investment securities	(1,613)	-	(113)	-	-	-	-	(1,726)
Net cash (used in) provided by investing activities	(1,613)	-	3,821	5,787	1,297	2,521	-	11,813
Net (decrease) increase in cash and cash equivalents	(291)	(391)	(2)	(26)	(10)	216	95	(409)
Cash and cash equivalents at beginning of the year	539	391	2	26	10	82	114	1,164
Cash and cash equivalents at the end of the year	$ 248	$ -	$ -	$ -	$ -	$ 298	$ 209	$ 755
Reconciliation of changes in net position to net cash used in operating activities:								
Changes in net position	$ (313)	$ -	$ 191	$ 334	$ 59	$ (17)	$ (1)	$ 253
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:								
Amortization of bond premium and discount	-	-	(11)	(26)	(193)	-	-	(230)
Bond premium recognized on early debt retirement	-	-	(192)	(414)	-	-	-	(606)
(Depreciation) appreciation in investments and mortgage backed securities	15	-	285	2	119	146	-	567
(Increase) decrease in assets:								
Change in accrued interest receivable	(16)	-	-	3	-	7	-	(6)
Change in down payment assistance receivable	197	-	17	-	-	-	-	214
Increase (decrease) in liabilities:								
Change in accrued expenses and accounts payable	(53)	-	-	-	-	-	-	(53)
Change in accrued interest payable	-	-	(17)	(22)	-	(4)	-	(43)
Change in other liabilities	(44)	-	-	-	-	-	-	(44)
Change in due to Jefferson Parish Community Development	-	-	-	-	-	-	96	96
Net cash (used in) provided by operating activities	$ (214)	$ -	$ 273	$ (123)	$ (15)	$ 132	$ 95	$ 148

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 4
SCHEDULE OF OPERATING EXPENSES
(In Thousands)
For the Years Ended December 31, 2017 and 2016

	2017	2016
Operating Expenses		
Advertising	$ 33.4	$ 26.4
Auto Expense	8.0	11.7
Computer Expense	4.2	2.7
Dues and Subscriptions	3.6	2.3
Education and Seminars	3.5	2.8
Insurance	51.7	52.7
Miscellaneous Expense	6.3	2.1
Office Expense	3.7	2.6
Pension and Retirement	39.8	47.6
Postage	0.9	0.9
Professional Fees	68.8	94.1
Rent	19.0	19.6
Salaries and Wages	291.9	325.8
Telephone	2.6	3.1
Travel	11.3	8.6
Capital Acquisitions	0.1	2.0
Security	6.7	4.6
Board Per Diem	57.3	58.1
Total Operating Expenses	$ 612.8	$ 667.7

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 5
SCHEDULE OF BOARD MEMBERS' COMPENSATION
For the Year Ended December 31, 2017

The members of the Jefferson Parish Finance Authority's (the Authority) Board of Trustees receive per diem payments for weekly Board meetings attended; approved committee meetings and services rendered and are also reimbursed for actual expenses incurred in the performance of their duties as members of the Board of Trustees. For the year ended December 31, 2017, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Board Meetings	Extra Meetings Attended	2017 Total
Allemore, Lynwood	11	-	11
Berthelot, Jackie	44	14	58
Boyter, Mitchell	45	10	55
DiMarco, Dennis	39	8	47
Faia, Gregory	36	8	44
Muscarello, Frank L.	46	9	55
Planer, Marcy L.	45	3	48
Schudmak III, Sam	22	-	22
Simmons, Dalton	39	3	42

Per Diem Payment:

	2017
Allemore, Lynwood	$ 1,650
Berthelot, Jackie	8,700
Boyter, Mitchell	8,250
DiMarco, Dennis	7,050
Faia, Gregory	6,600
Muscarello, Frank L.	8,250
Planer, Marcy L.	7,200
Schudmak III, Sam	3,300
Simmons, Dalton	6,300
	$ 57,300

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 6
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
For the Year Ended December 31, 2017

Agency Head - January 1, 2017 - June 23, 2017 **Terry McCarthy**

Purpose	Amount
Salary	$ 67,371
Benefits-Medical Insurance	1,500
Benefits-Retirement	9,441
Benefits-Life Insurance	54
Benefits-Other	2,202
Car Allowance	5,445
Accrued Leave Reimbursement	27,245
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	-
Conference Travel	2,417
Registration Fees	575
Travel-Other Meetings	924
Continuing Professional Education Fees	-
Unvoucherd Expense	-
	$ 117,174

Agency Head - September 8, 2017 - December 31, 2017 **Valerie Brolin**

Purpose	Amount
Salary	$ 34,821
Benefits-Medical Insurance	-
Benefits-Retirement	5,041
Benefits-Life Insurance	45
Benefits-Other	793
Car Allowance	2,675
Cell Phone	440
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	-
Conference Travel	-
Registration Fees	-
Travel-Other Meetings	-
Continuing Professional Education Fees	-
Unvoucherd Expense	-
	$ 43,815

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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 10, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

In addition, we noted certain matters that we reported to the management of the Authority in a separate letter dated May 10, 2018.

Purpose of this Report

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

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
May 10, 2018

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended December 31, 2017

We have audited the financial statements of Jefferson Parish Finance Authority (the Authority) as of and for the year ended December 31, 2017, and have issued our report thereon dated May 10, 2018. 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, 2017, resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

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

Compliance
Compliance Material to Financial Statements ☐ Yes ☒ No

Was a management letter issued? ☒ Yes ☐ No

b. **Federal Awards**

The Authority did not expend federal awards exceeding $750,000 during the year ended December 31, 2017, and therefore is exempt from the audit requirements under the Single Audit and the Uniform Guidance.

Section II Financial Statement Findings

a. **Issues of Noncompliance**

None

b. **Internal Control**

None.

Section III Federal Award Findings and Questions Costs

None

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

None

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

None

Section III – Management Letter

None

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

None

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

None

Section III – Management Letter

<u>2017 – 1 Interim Financial Statements</u>

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

Authority's Response:

We agree with the recommendation and will develop a financial reporting policy and seek board approval.

<u>2017 – 2 Contracts for Professional Services</u>

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

Authority's Response:

We agree with the recommendation and will develop a policy regarding the procurement of professional services and seek board approval.

Section III – Management Letter (continued)

2017 – 3 Budget Monitoring & Amendments

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

Authority's Response:

We agree with the recommendation and will update our budget policy and seek board approval.

2017 – 4 Policy Updates

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

Authority's Response:

We agree with the recommendation and will update and tailor our policies to the distinct operation of the Authority and seek board approval.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees of the Jefferson Parish Finance Authority (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

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

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

The written policy referenced following the Jefferson Parish policy. The Entity does not have a written purchasing policy specific to the Entity.

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

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

d) ***Receipts***, including receiving, recording, and preparing deposits

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

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

The Entity does not have written payroll/personnel policies specific to the Entity. The Entity follows the payroll/personnel policy of Jefferson Parish, as Jefferson Parish was the paymaster for the Entity for this fiscal year.

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

The Entity does not have written policy regarding contracting.

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

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

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

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

i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

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

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

The entity did not have written policies or procedures regarding debt service or address the functions noted above.

Management's Response:
We are in the process of writing, amending, and adopting policies and procedures in the areas of Purchasing, Payroll/Personnel, Contracting, and Debt Service.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

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

b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes did not reference monthly budget-to-actual comparisons. The Entity is a proprietary fund is not required by law to adopt a budget. However, the Entity did adopt a budget for the fiscal year.

Management's Response:

Monthly budget-to-actual comparisons will be provided to the committee in the future.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

  This step is not applicable, no budget-to-actual comparisons were made in the fiscal year.

c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The minutes included non-budgetary financial information for many meetings during the fiscal year.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

   Obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

   a) Bank reconciliations have been prepared;

   Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.

   b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

   Bank reconciliations obtained include evidence that a member of management had reviewed each bank reconciliation.

c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Item not applicable, no items that have been outstanding for more than 6 months as of the end of the fiscal year.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Obtained a listing of the cash collection locations and management's representation that the listing is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected**:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Written documentation was obtained and addressed the functions noted above. There is no evidence that employees who collect cash and deposit cash into the bank are bonded.

Management's Response

We will seek adequate bonding insurance of employees who collect and deposit funds.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

  Collection documentation was obtained and addressed the functions noted above. There was one instance where the was one check included in a deposit that was 7 days late. There was no indication when the check was received, we went by check date as we were unable to determine the true collection date.

  Management's Response

  We have developed and began using a master fund collection log for the receipt of funds..

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

  No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

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

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

   Obtained a listing of disbursements and management's representation that the listing is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

   a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

      The Entity does not use a requisition/purchase order system, specific to the Entity. Certain purchases are made via Jefferson Parish, those purchases use the Jefferson Parish requisition system.. The board of trustees approves all disbursements at their regular meetings.

   b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

      The Entity does not use a requisition/purchase order system. The board of trustees approves all disbursements at their regular meetings.

      Management's Resonse

      We are developing a unique Purchasing Policy separate from Jefferson Parish.

   c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

      Except as noted above whereby the Entity does not use a requisition system, no other

      Management's Resonse

      We are developing a unique Purchasing Policy separate from Jefferson Parish exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

    One individual has the ability to add vendors and process disbursements.

    Management's Resonse

    Due to our small size, only one employee has access to enter vendors and cut checks. Disbursements are approved by the Board. The disbursements checks are not signed by the individual processing the disbursement.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

    No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

    We observed the supply of unused check stock is maintained in a locked location. It was noted that persons with signatory authority do not have system access to print checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

    Neither a signature stamp nor a signature machine is used by the Entity.

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

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

    Listing of credit cards and the name of the person who maintained possession of the card and management's representation that the listing was complete was obtained. The Entity does not use bank debit cards, fuel cards, and P-cards. The Entity closed its only credit card prior to the end of the fiscal year.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

    The Entity had one active credit card which it closed prior to the end of the fiscal year.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions noted.

b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

  No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

  No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

  The written policies did not require any other documentation.

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

There were no exceptions noted. There were no transactions that would have been subject to the Louisiana Public Bid Law.

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

    Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

    Policies were obtained. No the per diem for meals and incidentals exceeded GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

    a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

    Expenses were paid in accordance with written policy.

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

  No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

  No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

  No exceptions noted.

c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

    a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

    Of the 5 examined, 3 vendors did not have a written contract that supported the services arrangement. These 3 vendors services arrangement and fee were approved by the board of trustees at a regular meeting.

    Management's Response

    We are developing a written contract policy.

    b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

    Contracts not subject to Louisiana Public Bid Law or Procurement Code.

    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
    - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

    Supporting documentation did not show quotes were solicited.

    Management's Response

    We are developing a written contract policy that will address when quotes are required.

    c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

    No contract amendments were noted.

    d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

    No noncompliance noted.

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

    Minutes show board approval contracts and personal service arrangements.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

    Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

    a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

       No exceptions noted.

    b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

       No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

       All selected employees had daily attendance and leave documented.

    b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

       No exceptions noted.

    c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

       No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

    No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

    Jefferson Parish acts the Entity's paymaster and processes the payroll for the Entity. The Entity reimburses Jefferson Parish for the salaries, payroll taxes, and retirement contributions on a monthly basis. Therefore, the Entity does not file reporting forms and process payments.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

    Of the five randomly selected employees and/or board of trustees, the Entity could not demonstrate the required ethics training for Board of Trustees member Samuel Schudmak.

    <u>Management's Response</u>

    We will begin to maintain our unique Ethics training files separate from those of Jefferson Parish on which we relied.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

    No ethics violations were reported to the entity.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

    No debt was issued during the fiscal period.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

    The Entity made the required debt service payments and maintained debt serves as required by the debt covenants.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

    The Entity had no tax millages related to debt service.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

    The Entity had no misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

    The Entity has posted on its premises the notice required by R.S. 24:523.1 However, we did not see the notice posted on their website.

    Management's Response

    We will address this omission with our website provider.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

    No exceptions noted.

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

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
May 10, 2018