Public Audit Report

2016 – 0021

Jefferson Parish Finance Authority

OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

PUBLIC
AUDIT REPORT

JEFFERSON PARISH FINANCE AUTHORITY

2016-0021

AUDIT
ISSUED 12/12/2017

DATE: 12/12/2017

TO: The Citizens of Jefferson Parish

FROM: The Jefferson Parish Office of Inspector General

REF: Jefferson Parish Finance Authority – 2016-0021

The Jefferson Parish Office of Inspector General (JPOIG) performed an audit of the operational and fiscal practices of the Jefferson Parish Finance Authority (JPFA) for fiscal years 2015 and 2016. The audit covered four (4) functional areas: (1) Staff and Board Expenses, (2) Professional Services Expenses; (3) Loans; and (4) Governance.

This audit revealed a break-down at the highest level of local government with numerous failings and deficiencies resulting in unnecessary, unsupported and imprudent entanglement between the Parish and the JPFA.

The JPOIG reached (12) findings and made associated recommendations. Recommendations address, where applicable, needed corrective actions by the Parish and/or the JPFA. These findings and recommendations spread across all four audit areas:

- Staff and Board Expenses
  Findings in this area relate to (1) the Parish's misclassification of JPFA employees as Parish employees, (2) permitting JPFA employees to participate in Louisiana's Parochial Retirement System via the Parish, (3) JPFA salary and benefits, (4) excessive trustee per diem payments, (5) and JPFA travel expenses.

- Professional Services Expenses
  Findings in this area relate to (1) the engagement and compensation of professionals by JPFA to provide services without any competitive process; and (2) JPFA compensating professionals without executed written contracts or documentation supporting work performed and expenses incurred.

- Loans
  Findings in this area relate to the JPFA down payment assistance program which is advertised by JPFA as a grant that does not have to be repaid. The audit determined that the amount of down-payment assistance is returned to the JPFA within 30-45 days after the loan closes via a circular financing method. Further, participating borrowers re-pay the "grant" assistance through increased interest rate and fees over the life of the loan. The amount repaid by borrowers can be as much as 8 times the amount of the original down payment assistance received. Lastly, it was determined that neither JPFA nor its lending partners fully educate borrowers that down-payment assistance received is repaid via increased interest rates and fees over the life of the loan.

- <u>Governance</u>
  Findings in this area relate to the JPFA handling of finances, to include inadequate budgetary practices and self-governance. Findings related to self-governance address the lack of policies and procedures, receipt of fiscal information by Board of Trustees, and trustee appointment terms. This area also addresses the substantial decline in JPFA assets ($100 Million between 2012 and 2016).

This audit Identified and questioned costs totaled in excess of $2.7 Million and a decline in assets of nearly 100 Million since 2012.

The findings and recommendations follow the report in table format.

The audit determined cost exceptions totaling in excess of 2.7 Million in the following general areas:

Description of Cost/Revenue	Amount	Identified	Questioned	Avoidable
➢ Exec Staff & Board Expenses	$830,798.56	$549,509.98	$281,288.58	$890,238.56
➢ Professional Service Fees	$555,000.48	$20,000.00	$535,000.48	$20,000.00
➢ Loan Programs Fees and Expenses	$6,843.67	$5,000.00	$1,843.67	$5,000.00
➢ Financials: Bond Retirement/Revenue	$1,397,000.00	$1,217,000.00	$180,000.00	$1,217,000.00
Totals:	**$2,789,642.71**	**$1,791,509.98**	**$998,132.73**	**$2,132,238.56**

The draft report, dated 10/05/2017, was directed to the Parish President, all Parish Councilmembers, the Parish Attorney and the JPFA. One request for an extension of time to provide a response was received and granted.

The JPOIG received three separate, written responses to the audit report: (1) Greg G. Faia, Chairman of the Board of Trustees for JPFA, received 11/16/2017, (2) Marcy Planer, Board member of JPFA, received 11/16/2017, (3) Councilwoman Jennifer Van Vrancken, received 11/27/2017. These responses were made a part of the final report. *See* Attachments R through T.

For ease of reference, a summary of all findings and responses is attached to this letter. *See* Summary of Audit Findings and Responses.

Of the twelve findings reached by the JPOIG, the most pervasive finding and challenge to the audit process was the factual and legal entanglement between the JPFA and the Parish. The JPFA operations fall outside the direct supervision of Parish government. The JPFA operations, including its fiscal responsibilities and liabilities, are controlled by its Board of Trustees. Yet in many instances, the JPFA was treated like a Parish department, and its employees were recognized by the Parish as Parish employees.

The JPOIG is encouraged by Councilwoman Van Vrancken's response and her acknowledgment that, "The Parish must recognize JPFA as an entity distinct from Parish Government, severing the entanglements that have unfairly burdened Jefferson Parish with liability for JPFA and its employees, while lacking the requisite authority and oversight to the same."

Similarly, the JPOIG is encouraged by the written response of Ms. Marcy Planer, JPFA Board member, who voiced support to many of the JPOIG findings related to the JPFA operations. She writes, "I have been critical on multiple occasions of our weekly meetings. My efforts to convince other board members that weekly meetings are unnecessary and wasteful have failed…. We can easily amend our by-laws to reduce the number of meetings."

The JPOIG remains optimistic that the JPFA will take affirmative steps toward developing meaningful corrective action plans for audit findings related directly to its operations. Although the JPFA did not fully accept findings reached in the audit report, the JPFA response suggests a willingness to engage in a full assessment of its operations which heretofore had not occurred.

In addition to written responses, the JPOIG staff met with the Parish and the current JPFA management to review the report, its findings and recommendations. This included meetings with Valerie Brolin, the newly appointed JPFA Executive Director; Keith Conley, Parish Chief Operating Officer; and all seven Councilmembers. These meetings proved beneficial to the JPOIG's understanding of their positions. The JPOIG is always appreciative of the opportunity for an open dialogue on a draft report.

The JPOIG would like to thank the management and staff of the JPFA, the Administration, the Council and the Parish Attorney's Office for their assistance and cooperation throughout this audit.

Respectfully,

David M'Clintock

David McClintock

cc:
Michael S. Yenni, Parish President
Chairman Chris Roberts, At-Large "A"
Councilwoman Cynthia Lee-Sheng, At-Large "B"
Councilman Ricky J. Templet
Councilman Paul D. Johnston
Councilman Mark D. Spears, Jr.
Councilman Dominick Impastato
Councilwoman Jennifer Van Vrancken
Keith A. Conley, Chief Operating Officer
Michael J. Power, Parish Attorney
Gregory Faia, Chairman, Board of Trustees, Jefferson Parish Finance Authority
Marcy Planer, Board Trustee, Jefferson Parish Finance Authority
Jerry Sullivan, Ethics and Compliance Commission Attorney

Summary of Audit Findings and Responses				
No.	**Title**	**JPFA Board Response**	**Board Trustee Response**	**Councilperson Response**
#1	Employees Misclassified as Parish Employees	Agreed, but deferred to the Administration for corrective action.	No response	Agreed, and committed to work with the Administration on corrective actions.
#2	Executive Director Misclassified as a Parish Employee	Agreed, corrective action referenced with the hiring of the new Executive Director.	No response	Agreed, and committed to work with the Administration on corrective actions.
#3	Retention of the Assistant Director as a Parish Employee	Agreed, JPFA does not intend to fill the position.	No response	Agreed, and committed to work with the Administration on corrective actions.
#4	Parish Retirement Benefits	Disagreed, JPFA maintains that employees may participate in PERSLA.	No response	Agreed, and committed to work with the Administration on corrective actions.
#5	Excessive Trustee Per Diem Payments	Disagreed, JPFA maintains weekly Trustee meetings are necessary.	Agreed, with corrective action plan to amend by-laws proposed.	No response
#6	Travel Expenses	Agreed, with corrective action plan to evaluate and strengthen policies and controls.	No response	No response
#7	Professional Service Fees	Agreed, with corrective action plan to evaluate and strengthen policies and controls. Attorney General's opinion sought on compensation structure for Professional Service fees.	Agreed, with corrective action plan for professional services, and to refer legal professionals to the Louisiana Ethics Board and the Louisiana Disciplinary Counsel.	No response
#8	Premium Pricing to Borrowers-SMAP	Disagreed, with no corrective action plan disclosed.	No response	No response
#9	Overpaid HOME Fund Service Fees	Disagreed, with no corrective action plan proposed.	No response	Agreed, with corrective action to recover all HOME funds from the JPFA, and to implement policies to ensure agreements include compliance with grant terms and requirements.
#10	Agency Financial Position and Future Sustainability	Disagreed, with no corrective action plan proposed.	No response	No response
#11	Questionable Operating Transfers	Disagreed, with no corrective action plan proposed.	No response	No response
#12	Lack of Self-Governance	Agreed, with corrective action proposed for comprehensive policies and procedures, and further refinement of the relationship with the JPFA and the Parish.	No response	No response

JEFFERSON PARISH FINANCE AUTHORITY
2016-0021

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EXECUTIVE SUMMARY

The Jefferson Parish Office of Inspector General (JPOIG) has completed an audit of the Jefferson Parish Finance Authority (JPFA) for the fiscal years 2015, 2016 and 2017 through June.

The Parish established a public trust through a Trust Indenture on 02/02/1979, and through the Trust Indenture, created a Board of Trustees (the "Board") to hold, manage and invest for the "use and benefit of the Parish of Jefferson."[1] The JPFA, for purposes of this audit, refers to the Board of Trustees (the "Board"), its staff, and operations.

Objectives
The objectives of this audit were to provide assurance that:

- The JPFA is operating in accordance with the agency's enabling Public Trust Indenture and the Board of Trustee's adopted by-laws.
- Sufficient internal controls are in place to reduce the risk of fraud, waste and abuse.
- Financial transactions are accurately accounted.
- Expenditures and receipts are adequately supported by documentation for each transaction, and that expenditures are fiscally prudent and reasonable in nature.

Audit Results
The JPFA was audited across four (4) functional areas. They are (1) Staff and Board Expenses, (2) Professional Services Expenses, including engagement of outside professionals; (3) Loans; and (4) Governance. As a result of the audit, the JPOIG determined the following:

- ➢ The JPFA is a separate entity from the Parish and employees of the JPFA are not employees of the Parish.
- ➢ Employees of the JPFA have been carried by the Parish as Parish employees which has afforded JPFA employees access to Parish benefits, including retirement benefits, to which the JPFA, a non-Parish government entity, does not otherwise have access.
- ➢ Employees of the JPFA, and specifically its Executive Director and Assistant Executive Director, have received salary increases along with Parish employees *and* at the discretion of the JPFA, either through Board action or action of its Executive Director. Payroll expenses for 2016 total **$424,000** of which the Executive Director and Assistant Executive Director receive more than **$240,000**, or greater than 50% of total payroll.
- ➢ Employees of the JPFA, and specifically its Executive Director, receive the benefit of car/cell phone allowance at the discretion of the JPFA in addition to reimbursement of rental car expenses for in-state travel. In 2016, the Executive Director received a car/cell phone allowance of **$11,086**.
- ➢ JPFA Board members, who "shall serve without compensation" under the Trust Indenture, annually receive on average **$7,550** per member. The JPFA Board meets weekly for an average of 36 minutes, and Board members receive **$150.00** per meeting.
- ➢ The JPFA has engaged professionals, including attorneys, without contracts and has paid professionals without detailed billing or description of services received. In 2016, the JPFA spent a total of **$407,126.71** on professional services.

[1] Trust Indenture, page 1.

In 2016, the JPFA received operating income of **$181,000.** That year, JPFA spent a total of **$668,000** in operating expenses, including the above mentioned payroll costs and professional service fees. JPFA operating expenses exceed its operating revenue year after year. In order to meet its operating expenses, the JPFA has sold its bond assets and transferred the residual income generated from bond sales into its operating fund. The sale and transfer are not reflected in the JPFA annual budget. However, costs associated with sale of bond assets, specifically professional service fees, is reflected in total operating expenses.

As a result of the audit, the JPOIG also determined that the JPFA advertises its Southern Mortgage Assistant Program (SMAP) as a grant for down-payment assistance a to qualified borrowers. In fact, borrowers pay a premium interest rate over the life of the loan for participating in the program. Further, some borrowers pay additional fees over the life of the loan which benefits JPFA. Meanwhile, the JPFA is fully reimbursed for the down-payment assistance shortly after the borrower's loan closes escrow. Audit data demonstrated that JPFA does not adequately disclose or inform borrowers that they are being charged a premium rate at compounded interest for participating in the "grant" program resulting in a higher payments over the life of the loan.

Background information on the JPFA and detailed data analysis on the above can be found in the full report.

Recommendations

Based upon the data analysis, the JPOIG reached twelve (12) separate findings. The findings contain separate recommendations for the Parish and the JPFA where appropriate. The findings and recommendations follow the report and are found at *Attachment 1*.

The JPOIG recommendations to the Parish can be summarized, in part, as follows:

- The Parish should recognize the JPFA as an entity separate from Parish government, and employees of the JPFA as employees of JPFA and not the Parish. Severing the inappropriate co-dependency between the Parish and the JPFA will underscore the fiduciary obligations and responsibilities owed by the JPFA to Jefferson Parish, as the beneficiary of the trust.
- The Parish should seek to clarify and redress any past reporting that has been made to third parties concerning employment status of JPFA employees.
- The Parish should require the JPFA Board to develop a policy and procedure for informing the Parish of its intentions to sell trust assets and its planned use of the residual sale proceeds before the actual sale of assets occurs.

The JPOIG recommendations to the JPFA can be summarized, in part, as follows:

- The JPFA develop and implement policies and procedures for all employees, to include a salary and benefits plan.
- The JPFA reduce Board meetings, absent exigent circumstances, to monthly and evaluate current policies relating to payment of per diems to Board members.
- The JPFA develop and implement adequate procurement and contracting policies and procedures for professional services, to include competitive advertisements which include scope of work and contract language which requires detailed description of services rendered and time spent.

- The JPFA develop a process and procedure to ensure that borrowers are fully informed and educated about the premium rate at compounded interest they will pay on their loan because of their participation in the SMAP "grant" program.
- The JPFA develop and adopt a comprehensive annual budget which reflects both anticipated expenses and anticipated revenue from all sources.
- The JPFA develop a long-term strategic plan, to include an assessment and strategy for the long-term financial viability and sustainability of the JPFA trust operations.

Below is a summary of key monetary findings.

COST EXCEPTIONS				
Description of Cost/Revenue	**Amount**	**Identified**	**Questioned**	**Avoidable**
Retirement Benefits-Executive Director	$549,509.98	$549,509.98		$549,509.98
Retirement Employer Contributions	$159,603.58		$159,603.58	$159,603.58
Board Member Per Diem Payments	$120,750.00		$120,750.00	$181,125.00
Travel	$935.00		$935.00	
Sub-Total Exec Staff & Board Expenses	**$830,798.56**	**$549,509.98**	**$281,288.58**	**$890,238.56**
Attorney Fees Retainer Agreement	$84,000.00		$84,000.00	
Attorney Fees Excess Payments	$20,000.00	$20,000.00		$20,000.00
Outside Legal Services	$93,723.75		$93,723.75	
Other Professional Services	$357,276.73		$357,276.73	
Sub-Total Professional Fees	**$555,000.48**	**$20,000.00**	**$535,000.48**	**$20,000.00**
Federal HOME Funds- Staff Fees	$1,843.67		$1,843.67	
Federal HOME Funds- Legal Review	$5,000.00	$5,000.00		$5,000.00
Sub-Total Loan Programs	**$6,843.67**	**$5,000.00**	**$1,843.67**	**$5,000.00**
Residual from Bond Retirement	$1,217,000.00	$1,217,000.00		$1,217,000.00
Bond Fund Revenue	$180,000.00		$180,000.00	
Sub-Total Financials	**$1,397,000.00**	**$1,217,000.00**	**$180,000.00**	**$1,217,000.00**
Totals	**$2,789,642.71**	**$1,791,509.98**	**$998,132.73**	**$2,132,238.56**

This audit has revealed a break-down at the highest and most fundamental level of local government. The result is an inappropriate entanglement of two separate entities and confusion of their relative relationship, Trust beneficiary and Trustee. Recognition of this key aspect is the first step on the road to corrective action.

OFFICE OF INSPECTOR GENERAL
JEFFERSON PARISH

DAVID N. MCCLINTOCK
INSPECTOR GENERAL

Date of Report: 12/12/2017	**PUBLIC AUDIT REPORT**	**Case #2016-0021**
Period of Audit: Fiscal Years 2015, 2016, and 2017 through 6/30/2017	**Fieldwork By:** Ashley Neyland	**Status: Public**
Subject of Audit Jefferson Parish Finance Authority Public Trust		

INTRODUCTION

In accordance with JPCO §2-155.10 (11) (a), the Jefferson Parish Office of Inspector General ("JPOIG") has completed an audit of the Jefferson Parish Finance Authority (hereinafter "JPFA"). The audit period was from 01/01/2015 through 12/31/2016, and 01/01/2017 to 06/30/2017.

OBJECTIVES, SCOPE AND METHODOLGY

Objectives

The objectives of this audit were to provide assurance that:

- The JPFA is operating in accordance with the agency's enabling Public Trust Indenture and the Board of Trustee's adopted by-laws.
- Sufficient internal controls are in place to reduce the risk of fraud, waste and abuse.
- Financial transactions are accurately accounted.
- Expenditures and receipts are adequately supported by documentation for each transaction, and that expenditures are fiscally prudent and reasonable in nature.

Scope and Methodology

The entity was audited across four (4) functional areas and the scope included administrative and management activity. These are:

1. Staff and Board Expenses
2. Professional Service Expenses
3. Loans
4. Governance

The audit considered relevant financial data, records, systems, policy, procedure, personnel actions and other information as necessary under the circumstances to achieve the audit objectives. In many instances, JPFA's records concerning receipts, disbursements, and supporting material were reviewed to determine efficiency and effectiveness. Any instances of fraud, waste, abuse were identified and investigated as necessary as well as instances of fiscal or operational noncompliance.[1]

The JPOIG performed detailed transaction testing of over 450 expenditure transactions paid by the JPFA in calendar year 2016. In total, the JPOIG's testing covered 68% of the approximately $1.1M in total expenses. See Table #1.

Table #1 **JPFA Expenses by Area and Testing**

JPFA Expenses	**2016 Audited Financials**	**JPOIG Tested**
Operating Expenses	$667,700	$302,500
Fees to Retire Bonds	$285,000	$285,000
Servicing Fees	$152,000	$152,000
Trustee Fees	$46,000	$46,000
Total Expenses	$1,150,700	$785,500
JPOIG Audit Coverage		**68%**

The JPOIG reviewed all supporting documentation for the selected samples and tested each transaction against five (5) compliance and internal control attributes. These are: (1) supporting documentation for authorization of expense (i.e. contract, invoice, etc.), (2) approval of disbursement, (3) detailed written information on the nature of the expense and verifiable evidence of time worked or the function performed, (4) whether the expense appeared necessary for JPFA operations, and not duplicative, and (5) supporting documentation of Request For Proposal or public bidding process(es) in accordance with Jefferson Parish guidelines, when applicable.

Standards

The JPOIG conducted the audit in accordance with the Institute of Internal Auditor's Principles and Standards (the Red Book). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Acronyms

The following acronyms are used in this document.

JPFA	Jefferson Parish Finance Authority	**SMAP**	Southern Mortgage Assistance Program
CAFR	Combined Annual Financial Report	**HOME**	Home Investment Partnership Program
MBS	Mortgage Backed Securities	**FreddieMac**	Federal Home Loan Mortgage Corp
HUD	U.S. Department of Housing and Urban Development	**JP**	Jefferson Parish

[1] Bonds that initially financed the JPFA programs were excluded from the scope of this report . A financial and compliance review of the most recent bonded debt issuances and early bond defeasances will be included in a separate report issued by the JPOIG in the near future. Findings, best practices, and recommendations will be communicated to all parties involved upon completion of this audit.

BACKGROUND

Pursuant to state law, the Parish established a public trust through a Trust Indenture on 02/09/1979.[2] The JPFA, including its Board of Trustees (the "Board"), is a creature of state law by virtue of the Trust Indenture.[3] The JPFA is not an agency, department or special district of Jefferson Parish government because its powers and authorities are controlled by the Trust Indenture and not by Parish ordinance. Jefferson Parish is the named beneficiary of the trust. The trust was established to promote and provide for the development of residential housing.

Table #2 at right shows there are eight (8) members appointed to serve on the JPFA Board. Seven (7) members are appointed by the Parish Council, and the eighth member is appointed by the Parish Council on nomination by the Parish President.[4]

Table #2

JPFA Trustee	Appointing Entity
Mr. Jackie Berthelot	District 1
Mr. Mitchell Boyter	At-Large Division B
Mr. Dennis DiMarco	Parish President
Mr. Frank Muscarello	At-Large Division A
Mr. Greg Faia	District 4
Mr. Sam Schudmak	District 2
Mr. Dalton Simmons	District 3
Ms. Marcy Planer	District 5

Under the Trust Indenture, the Board may adopt by-laws for the orderly administration and regulation of the Trust, subject to approval by the Parish Council.[5] The JPFA adopted by-laws which established the rights, powers and duties of the Board of Trustees and its officers. [6] Under the terms of the Trust Indenture, the JPFA also has the authority to appoint a general manager and to employ clerical, professional, legal and technical assistance including, but not limited to, accountants, attorneys and financial and fiscal advisors and agents, as they may deem necessary to operate the business of the Trust.[7] The JPFA can establish their own policies and procedures regarding personnel, procurement and contracting.

DATA REVIEW & ANALYSIS

The JPFA's operations are funded by self-generated revenue. Historically, revenue was generated from utilization of bond issuances associated with the JPFA's housing assistance programs.[8] Beginning in 2013, JPFA operations were supplemented by revenue generated through the Southern Mortgage Assistance Program (SMAP). Under the JPFA By-Laws, Article VI, Section 1 reads, in part, that:

> "…the Board of Trustees may authorize any officer, or officers, agent or agents, to execute and deliver any instrument in the name and on behalf of the trust, and such authority may be general or confined to specific instances." Further, Article VI, Section 2 states, "All checks, drafts or other orders for payment of money, and

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[2] La.R.S. 9:2341 Public Trusts, Chapter 2A. *See also* JPFA Trust Indenture, dated February 9, 1979.

[3] La.R.S. 9:2341 *et al*. *See also* La. AG Opinion 08-0225 (Feb. 5, 2009).

[4] JPFA Trust Indenture, dated February 9, 1979, provided for seven members, each member being appointed by the governing authority of the Parish, or the Parish Council. The Trust Indenture was amended by JPCO 22043 on 10/29/2003, to provide that the Board of Trustees "shall number eight, seven of whom shall be appointed by the governing body of the Parish, and one of whom shall be first nominated for appointment to the Board by the Parish President and subsequently appointed by the governing body of the Parish.

[5] JPFA Trust Indenture, Article VII, Paragraph (3).

[6] JPFA By-laws, August 20, 1979.

[7] JPFA Trust Indenture, dated February 9, 1979, Article VII, *Powers and Duties of the Trustees*.

[8] As of 12/31/2016, the JPFA maintains a series of mortgage revenue bonds totaling $26.5 million.

all notes, bonds, or other evidences of indebtedness issued in the name of the Trust and in such manner as shall from time to time be determined by resolution of the Board of Trustees."

The Board summarily approves and/or ratifies expenditures from a weekly report prepared by JPFA staff and presented at the JPFA meetings. The Board's approval is reflected in meeting minutes before payments are released.

The 2016 JPFA operating expenses totaled approximately $668,000. Operating costs included:

1. $424,000 in payroll and benefits;
2. $58,000 in Board Member Per Diem,
3. $94,000 in professional services expenses, and
4. $92,000 in other costs.

In addition to the listed operating expenses, the JPFA also incurred costs associated with bond sales totaling $285,000.

Below is a summary of all identified, questioned, and avoidable costs/revenues that were noted by the JPOIG. See Table #3.

Table #3	COST EXCEPTIONS			
Description of Cost/Revenue	**Amount**	**Identified**	**Questioned**	**Avoidable**
Retirement Benefits-Executive Director	$549,509.98	$549,509.98		$549,509.98
Retirement Employer Contributions	$159,603.58		$159,603.58	$159,603.58
Board Member Per Diem Payments	$120,750.00		$120,750.00	$181,125.00
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Sub-Total Exec Staff & Board Expenses	**$830,798.56**	**$549,509.98**	**$281,288.58**	**$890,238.56**
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Outside Legal Services	$93,723.75		$93,723.75	
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Totals	**$2,789,642.71**	**$1,791,509.98**	**$998,132.73**	**$2,132,238.56**

- Identified Amounts: are **unallowable** expenditures that are recoverable.[9]
- Questioned Costs: are **potentially allowable** expenditures that are questioned due to a lack of supporting documentation; a potential legal issue, or are considered unnecessary or unreasonable. Questioned costs may be curable.

[9] These unallowable expenditures have been documented as being not supported by law, regulation, contract, grant, agreement, or other document. Identified costs are not curable. Identified amounts may be revenues either not collected, or improperly recorded in the books and records of the agency or department under audit.

- Avoidable Costs: are a projection of costs over a three year period, or other term based on existing agreements, if the issue is not modified or corrected.[10] The above table of identified, questioned, and avoidable costs/revenues are based upon the audit of four functional areas: 1) Staff and Board Expenses, 2) Professional Service Expenses, 3) Loans, and 4) Governance. Data review and analysis of these areas is discussed below in greater detail.

STAFF AND BOARD EXPENSES

The JPFA, as a separate entity, is not covered by the Parish's pay plan(s). Notwithstanding this, the Parish has carried JPFA staff, including its Executive Director, as Parish employees without any decipherable legal obligation or support to do so. Total salary and benefits paid by the Parish for JPFA employees were $388,319 for 2015 and $463,239 for 2016.[11] These costs were reimbursed to the Parish by JPFA from JPFA self-generated revenue.

Executive Director-Misclassification as a Parish Employee

The Trust Indenture authorizes the JPFA to appoint a "general manager" or an "administrator" to properly operate the business of the JPFA.[12] In 2009, the JPFA appointed Terry McCarthy ("Mr. McCarthy") to be Executive Director of JPFA and executed an Employment Agreement with him on 05/05/2009.[13] At the time, Mr. McCarthy was an Executive Assistant to Parish President Aaron Broussard. Tim Whitmer, the Chief Operating Officer for Parish President Aaron Broussard directed the Parish Finance Department to create "this new position" of Executive Director of JPFA within the Parish payroll system. [14] Then, Tim Whitmer requested the Director of Finance to "move Mr. McCarthy from one department to another, thereby transferring his sick and annual leave balances to a new department." [15] As a result of this legally unsupported action, the newly appointed Executive Director of the JPFA, Mr. McCarthy, retained all of the benefits and privileges of being a Parish employee while the JPFA controlled the terms and conditions of employment, including but not limited to salary.

Under the original Employment Agreement between the JPFA and Terry McCarthy, the Executive Director's salary was set at $105,000, which represented a 15% increase in salary for Mr. McCarthy from his previous position with the Broussard Administration. At the time, the Employment Agreement referenced and incorporated the Jefferson Parish Executive Pay Plan.

In 2014, the Employment Agreement was amended by JPFA.[16] The amendment removed all references to the Jefferson Parish Pay Plan and related restrictions, permitting salary increases that exceed limits set by the Parish Executive Pay Plan. The agreement, as amended, provided, "[a]ll salary and benefits adjustments shall be approved by resolution from the Board of Trustees."

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[10] Avoidable costs are calculated based upon either identified or questioned costs. This metric reflects the potential three-year savings that could be realized through the recovery of identified costs and/or the discovery of questioned costs which should have been denied.

[11] 2017 JPFA Budget Report.

[12] JPFA Trust Indenture, dated February 9, 1979, Article VII, *Powers and Duties of the Trustees*.

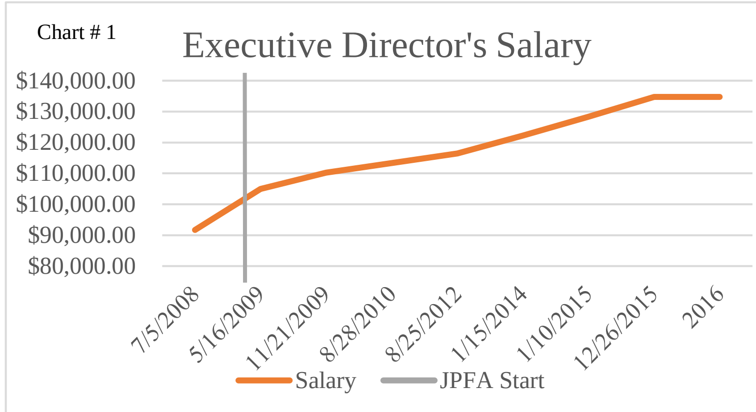
[13] Employment Agreement between the JPFA and Terry McCarthy.

[14] E-Mail from Tim Whitmer to Gwen Bolotte, Director of Finance, dated 05/14/2009.

[15] E-Mail from Tim Whitmer to Gwen Bolotte, Director of Finance, dated 05/14/2009.

[16] Amended Employment Agreement between the JPFA and Terry McCarthy.

Still, the Executive Director later received an automatic 5% increase in salary when the Parish approved a 5% cost of living increase on 12/26/2015, for Parish employees.[17] When external auditors took note of the increase without Board approval, the Board retroactively approved the 5% raise for Mr. McCarthy.[18] Thus, Mr. McCarthy received $6,909.54 in compensation during this time period that was not authorized by the JPFA Board.[19]

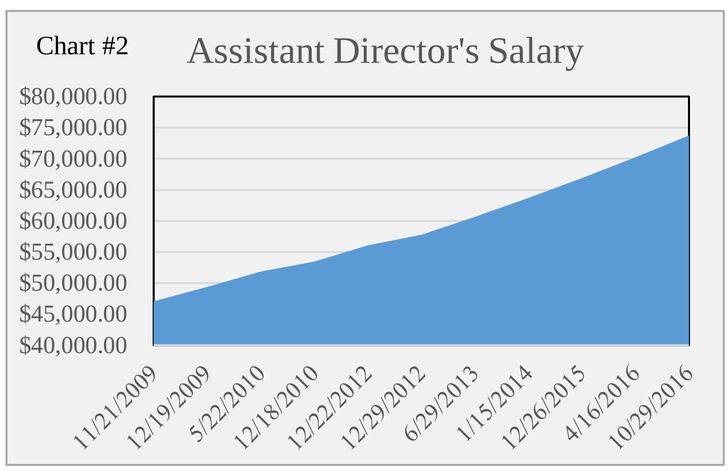


Since 2009, McCarthy's salary has increased a total of 36%. See Chart # 1 above. Between 2014 and 2016, Mr. McCarthy's total salary package increased 16%.[20] In addition to raises, Mr. McCarthy received a car and cell phone allowance as the Executive Director of JPFA. Mr. McCarthy's compensation package as JPFA Executive Director represented 26% of the 2016 JPFA total operating expenses. Table #4 below shows the Executive Director's total compensation over this three (3) year period. Further, Mr. McCarthy did not submit timesheets or utilize any other method to account for time.

Table #4	Executive Director Compensation		
Audited Financials	**2014**	**2015**	**2016**
Salary	$121,993.22	$128,661.63	$134,743.00
Benefits	$15,040.45	$15,199.18	$23,390.00
Car Allowance	$11,086.08	$11,086.08	$11,086.00
Travel/Other Fees	$2,565.83	$5,177.90	$5,720.00
Total	**$150,685.58**	**$160,124.79**	**$174,939.00**

Misclassification of the Assistant Director

Mr. McCarthy as the JPFA Executive Director, with the cooperation of the Parish, created the position of the Assistant Director for the JPFA within the Parish Classified Service Plan. This action reinforced the misperception created by Tim Whitmer that JPFA employees are entitled to the benefits and privileges of Parish employees even though the



[17] JP Summary Ordinance No. 24352, Ordinance No. 25057, Section 6, dated 12/09/2015, granting a 5% raise effective 01/01/2016.
[18] Minutes JPFA Regular Meeting February 20, 2017.
[19] Annual salary increase of $6,416 paid for 28 pay periods from 12/26/2015-02/20/2017.
[20] 2014, 2015, and 2016 Year End Audited Financial Reports.

Parish did not retain any authority over them as JPFA employees. [21]

Ms. Rodrigue, a JPFA clerical person, was, for all intents and purposes, the only candidate for the position because of the qualifications. Ms. Rodrigue, who started with the JPFA in 2000, was hired for the position of JPFA Assistant Director by Mr. McCarthy in 2009.[22] After 2009, Ms. Rodrigue received an overall increase in salary of 57% through 2016.[23] See Chart #2 above.

Essential functions listed in the job description for the Assistant Director include but are not limited to:

- Assigned total authority to approve/disapprove all decisions in the absence of the Executive Director.
- Compiles executive correspondence, reports, financial information, and statistical bond loan information from the Authority's inception.
- Prepares annual budget with the approval of the Executive Director. Attend Administrative Committee meetings where the budget is reviewed to answer any questions.
- Approves all office operating checks and expenditures. Reviews for accuracy all financial statements.
- Maintain accounting system by resolving any computer errors or problems that arise when inputting information.
- At year end, review all entries on JPFA accounting system in preparation for yearly audit and meet with the CPA concerning input of corrections or adjustments into accounting system.
- Develop and/or revise Excel spreadsheets needed by CPA for year-end audit.
- Review draft year-end audit for any errors/corrections and discuss with CPA and auditors.
- Prepares, maintains and updates manuals on operational procedures and office related work manuals.[24]

Importantly, the job description does not specify any education or certification requirements customary to a position involving fiscal and management responsibilities.[25] However, the position did include these qualifications:

- ➢ Current employment and permanent civil service status with Jefferson Parish, PLUS,
- ➢ At least seven (7) years of work experience in the Jefferson Parish Finance Authority with responsibility for technical market rate programs and/or bond issues.

[21] Parish Council Ordinance No. 25093, 02/17/2016, eliminating the position of Assistant to the Jefferson Parish Finance Authority, Pay Grade 22 and creating the position of Assistant Director-Jefferson Parish Finance Authority, Pay Grade 30 with same duties. Parish Council Ordinance No. 24393, 12/12/2012, the Parish Council created the position of Assistant to the Jefferson Parish Finance Authority, Pay Grade 22, under a proposal "forwarded to this Council as necessary and in the best interest of Parish Service…".

[22] Request for Hire-Sheila Rodrigue.

[23] JP Payroll -Sheila Rodrigue.

[24] Assistant Director- JPFA.

[25] The position is also tasked with the essential functions of accounting, operations, management, reporting, and compliance that may exceed her actual qualifications.

In the course of its audit, the JPOIG noted the following relating to Ms. Rodrigue's performance as Assistant Director:

- Accounting errors in the books and records she maintained;[26]
- A lack of knowledge and skills in basic accounting practices;[27]
- Resistance to basic audit functions and requests resulting in audit delays and obstruction of access to information.[28]

In fiscal year 2016, the external audit firm made a total of 7 reclassifying journal entries and 2 adjusting journal entries, totaling $1,829,342. This amount, while not considered as material to the external audit firm, represents 5% of the authority's net assets as of 12/31/2016 and 58% of the authority's revenues for fiscal year 2016.[29] These errors are reasonably related to Ms. Rodrigue's knowledge, skills and abilities related to the position of Assistant Director as well as that of Mr. McCarthy, as her supervisor.

Notably, the JPFA does not employ a CPA, and relies on the volunteer services of an external party for accounting questions, as needed, by the Assistant Director.[30] The external professional does not currently have a contract with the JPFA, yet that individual is tasked with approving the external auditor's adjusting journal entries, and reviewing all financial information.

Staff – Jefferson Parish Civil Service

Because JPFA's employment power and authority are controlled by the mandates of the Trust Indenture, JPFA employees are not a part of Parish government.

Nevertheless, all employees of the JPFA, with the exception of the Executive Director, are included in the Jefferson Pay Plan for the Classified Service.[31] This has been the practice for the JPFA employees since the Personnel Director issued a memorandum on 03/14/1988, concluding that they should be included in the pay plan for classified service.[32] Based upon documents reviewed, it does not appear as though the Parish sought any clarity regarding the position taken by the Personnel Director nearly 30 years ago. Based upon the terms and conditions of the Trust Indenture, it would appear that the position taken by the Personnel Director was without legal support.[33]

Inclusion of these employees in the Parish Civil Service system has resulted in JPFA employees being afforded coverage and representation in a system that is reserved for employees within

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[26] The Trial Balance provided by the JPFA excluded the bank accounts for the Federal HUD HOME Funds Program. The JPFA Budget was not inclusive of all funds. A prior period adjustment in the amount of $50,000 had to be made for professional services recorded in the incorrect fiscal period. Two accounts in two separate funds for the GASB 31 gain/loss adjustments were misstated by $12,335.46 and $30,557.26 respectively, due to an error in posting December transactions. The Trial Balance and corrected Trial Balance provided showed funds (1991-R & 1991-DED) to be out of balance by the same amount of $37,405.30.

[27] When a subsidiary ledger and evidence of surety bonds were requested on separate occasions, the Assistant Director responded that she had no idea what these items were.

[28] JPOIG Cover Letter-Request for Records 04/28/2017.

[29] Audited Financial Report JPFA for the Year Ended December 31, 2016.

[30] William A. Murhammer, Jr., CPA.

[31] *See* Letter by Martin Schwegmann, Personnel Director, dated 03/23/1988. *See also* Pay Plan for the Classified Service.

[32] Memorandum from Martin Schwegmann, Personnel Director, 03/14/1988.

[33] La.AG Opinion 08-0225 (Feb. 5, 2009).

Jefferson Parish government. Further, the inclusion of JPFA employees in the Classified Service is incongruent and irreconcilable with the provisions of the Trust Indenture. Likewise, the inherent authority of Personnel cannot logically extend to employees of JPFA when these employees are supervised by an Executive Director who is not responsible to Parish government.

Parish Retirement Benefits

While JPFA employees have enjoyed salary increases and other benefits at the discretion of the JPFA Board, the Parish actions resulting in them being carried as Parish employees has afforded the JPFA employees access to retirement benefits through the Parochial Employees Retirement System (PERSLA) to which they are not otherwise entitled.[34]

JPFA Employees - Retirement benefits

Jefferson Parish government provides retirement benefits for Parish employees through participation in PERSLA. All permanent parish government employees who work at least 28 hours a week shall become members of PERSLA on the date of employment.[35] An employee must have seven years of service in order to become vested to receive retirement benefits.
On a bi-weekly basis, the Parish forwards employer and employee contributions to PERSLA for all Parish employees as a function of processing payroll. By way of contributions, the Parish affirms to PERSLA the identity of individual participants on whose behalf contributions are made. This data is later relied upon by PERSLA to determine retirement eligibility and benefits.[36] The Parish has been identifying JPFA employees and submitting contributions for them as if they were Parish employees. Thus, the Parish has afforded at least five (5) JPFA current employees access to retirement benefits through PERSLA for which they are not entitled.

Executive Director McCarthy – Retirement Benefits

During the audit period, Mr. McCarthy retired from his position as Executive Director. The JPOIG observed that Mr. McCarthy's eligibility for retirement benefits through PERSLA raises obvious questions of eligibility as he did not have seven years of service as a Parish employee, required for vesting, without inclusion of his tenure with the JPFA.[37] Mr. McCarthy's employment history shows approximately four (4) years of creditable service as a Parish government employee:

02/14/2005 A Coordinator.

07/01/2006 Director of Citizens Affairs.

01/01/2008 Executive Assistant to the Parish President, for then Parish President Aaron Broussard.[38]

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[34] There are provisions under state law for eligible entities to petition for participation in PERSLA. JPFA has not petitioned PERSLA for participation.

[35] PERSLA Summary, Section 2 Members. http://www.persla.org/new_pdf/Summary16.pdf.

[36] PERSLA Summary, Section 4 Vesting. http://www.persla.org/new_pdf/Summary16.pdf.

[37] Parish Council discussed concerns regarding Mr. McCarthy's eligibility to receive Jefferson Parish retirement benefits based upon JPFA's status as a separate legal entity at its meeting on 05/24/2017. The JPOIG was concurrently inquiring with the Parochial Employees Retirement System of Louisiana (PERSLA), the Jefferson Parish Retirement Board, and the PAO's office regarding this issue. JP Resolution # 129290 dated 05/24 2017.

[38] JP Payroll - Terry McCarthy.

05/15/2009 "Appointment Ended" as Executive Assistant to the Parish President, for then Parish President Aaron Broussard.[39]

05/15/2009 Began Service with the JPFS as Executive Director. [40]

Therefore, Mr. McCarthy's total years of service as a Jefferson Parish employee is calculated to be 4.15 years running from 03/21/2005 to 05/15/2009.[41]

On 06/12/2017, the Jefferson Parish Attorney's Office (PAO) wrote to PERSLA to confirm that Mr. McCarthy's employment with Jefferson Parish government ended on 05/15/2009.[42] The PAO did not include any assessment or direction as it relates to Mr. McCarthy receiving retirement benefits. Mr. McCarthy is receiving retirement benefits from PERSLA.

Due to the direction given in 2009 by Chief Operating Officer Tim Whitmer, Mr. McCarthy's earnings as Executive Director JFPA were reported to PERSLA as if he was a Parish employee.[43] An analysis of Parish monthly payroll reports and certifications from May of 2009 through May of 2017 shows Mr. McCarthy's earnings were included in the Parish monthly earnings report to PERSLA, and Mr. McCarthy's earnings were certified by the Parish as being a bona fide Jefferson Parish employee.[44] As a result, PERSLA shows 11.12 years of service by Mr. McCarthy instead of the 4.15. Mr. McCarthy may collect retirement benefits of $2,823.29 per month.[45] Table # 5 below depicts Mr. McCarthy's estimated potential retirement benefits as $549,510.[46]

Table # 5	**Retirement Benefits**			
	Life Expectancy (Years)[47]	**Months of Payment**	**Benefit[48]**	**Estimated Payout**
DROP	N/A	13.97	$2,823.29	$39,431.95
Terry McCarthy	15.3	183.6	$2,823.29	$518,356.04
Nancy McCarthy	18.1	33.6	$2,823.29	$94,862.54
Total Estimated Benefits				**$652,650.54**
Total Employee Contributions as of 4/2016 [49]				$103,140.56
Total Benefits - Employee Contribution				**$549,509.98**

[39] JP Payroll -Terry McCarthy.
[40] Employment Agreement (contract) between the JPFA and Terry McCarthy dated 05/05/2009.
[41] PERSLA Salary Contribution report dated 06/15/2017, reflects PERSLA entry into the system was effective 03/21/2005.
[42] Letter from the Jefferson Parish Office of the Parish Attorney 06/09/2017.
[43] Parish employees are not retained under an employment contract. Rather, they serve under the Administration of the Parish President or that of the Parish Council.
[44] JP Monthly Report of Earnings and Contributions as of 5/31/2009 and 5/31/2017.
[45] PERS Public Records Request-Terry McCarthy.
[46] https://www.ssa.gov/OACT/population/longevity.html
[47] https://www.ssa.gov/OACT/population/longevity.html.
[48] PERS Public Records Request-Terry McCarthy.
[49] PERSLA response to Subpoena Duces Tecum- Terry McCarthy.

The JPOIG estimates that these total potential benefits, before the reduction of employee contributions, for currently vested employees as of June 2017, is approximately $4 Million ($4,000,000). The JPOIG noted that there is a process for government based entities to petition PERSLA for eligibility and inclusion. However; as of this audit, the Parish was still sending to contributions to PERSLA and affirming participation for all JPFA employees: (1) the Executive Director; (2) the Assistant Director; and (3) three JPFA staff employees. While the JPFA is reimbursing the Parish for these contributions JPFA's employees are not Parish employees and no authority can be located that permits the Parish to extend benefits to non-Parish employees.

Excessive Trustee Per Diem Payments
Under the Trust Indenture, Board members "shall serve without compensation, but may receive a reasonable per diem" as determined by the Board and "may be reimbursed for actual expenses incurred in the performance of their duties…"[50] In accordance with the aforementioned authority, the JPFA has authorized per diem reimbursements in the amount of $62,700.00 in 2015[51] and $58,050.00 in 2016.[52] These amounts represent approximately 9% of the JPFA's annual operating expenses.[53]

Limitations
On 06/02/2008, the JPFA Board passed a resolution to "increase the per diem from $100.00 to $150.00 per each meeting attended by said member for no more than fifty-two (52) meetings per calendar year."[54] The JPFA resolution followed Parish Council Ordinance No. 23211 passed six (6) months earlier on 12/12/2007, which also increased per diems to "one hundred fifty dollars ($150) for each meeting attended . . . for no more than fifty-two (52) meetings per calendar year."[55]

Expansion
On 07/13/2009, just one year after the JPFA's resolution to limit per diems to 52 meetings per year, the JPFA passed a resolution approving per diems for members attending "approved conferences, Bond Commission Hearings, committee meetings, and the like, when such attendance is approved by the Chairman of the Board of Trustees of the JPFA."[56] Based upon this action, it is clear that JPFA authorized per diems for committee meetings, hearings, conferences "and the like." It is unclear whether the limit of per diems to 52 meetings was inclusive or exclusive of these additional events.

Per Diem Usage
The vast majority of per diems are paid to members for attendance of JPFA scheduled weekly Board meetings. The JPFA's weekly Board meetings routinely exceeded the monthly board meeting schedule of a Capital Area Finance Authority (CAFA) based in East Baton Rouge and

[50] JPFA Trust Indenture, Article VII, Section 11.
[51] JPFA Audited Financial Report 2015 Schedule 4, p. 31.
[52] JPFA Audited Financial Report 2016 Schedule 5, p. 31.
[53] JPFA Audited Financial Report 2016 Schedule 4, p. 30.
[54] JPFA Board Resolution 06/02/2008.
[55] Summary No. 22383 Ordinance No. 23211, Sec. 2-517.
[56] JPFA Board Resolution 07/13/2009.

performing similar services.[57] Recognizing the frequency of the meeting schedule, the JPOIG sought to assess the volume of material addressed in the meetings and reviewed all board minutes for calendar year 2016. It was determined that the average weekly board meeting was 32 minutes in length, which equates to on average approximately $4.6 per minute or $281 per hour per board member.

Therefore, the JPFA compensates Board members with a per diem for attendance at weekly Board meetings and for members attending committee meetings, conferences, and luncheons. Per diem was paid for 74 non-Board events in 2015 and 44 non-Board events in 2016 for a total non-board meeting based per diem of $17,700. See Table #6.

Table #6	**Number of Meetings and Cost of Per Diem**		
Event Type	**Number of Per Diems**	**rate**	**Total**
2015 Board Meetings	344	x $150	$51,600
2015 Non-Board Events	74	x $150	$11,100
2016 Board Meetings	343	x$150	$51,450
2016 Non-Board Events	44	x $150	$6,600
Totals:	**805**	x $150	**$120,750**

Analysis of individual member per diem payments for 2015 revealed four (4) trustees received more than the 52 per diem payments in a calendar year. In 2016, two (2) trustees had more than 52 per diem payments. Per diem payments for calendar years 2015 and 2016 are depicted below. See Table #7.

Table #7	**Per Diem Meetings and Payments**								
	2015				**2016**				
Trustee	**Regular**	**Other**	**2015 Total**	**2015 Payments**	**Regular**	**Other**	**2015 Total**	**2015 Payments**	**2015 & 2016 Payments**
Mr. Berthelot	50	17	67	$ 10,050	42	6	48	$7,200	$17,250
Mr. Boyter	50	13	63	$ 9,450	46	5	51	$7,650	$17,100
Mr. DiMarco	41	10	51	$ 7,650	38	9	47	$7,050	$14,700
Mr. Drawe	46	7	53	$ 7,950	4	0	4	$600	$8,550
Mr. Faia	41	8	49	$ 7,350	43	10	53	$7,950	$15,300
Mr. Muscarello	49	10	59	$ 8,850	46	8	54	$8,100	$16,950
Ms. Planer	N/A	N/A	N/A	N/A	39	0	39	$5,850	$5,850
Mr. Schudmak	42	3	45	$ 6,750	42	1	43	$6,450	$13,200
Mr. Simmons	12	0	12	$ 1,800	43	5	48	$7,200	$9,000
Ms. Woodruff	13	6	19	$ 2,850	N/A	N/A	N/A	N/A	$2,850
Totals	**344**	**74**	**418**	**$ 62,700**	**343**	**44**	**387**	**$58,050**	**$120,750**

Travel Expenses

According to the audited financials, JPFA expended $9,900 and $8,600 for calendar years 2015 and 2016, respectively, for travel-related expenses.[58] The JPFA maintains a Travel Policy that was adopted on 04/23/2012, and revised on 06/30/2014. The policy provides guidelines under which Board members may receive per diems and reimbursement for travel costs to conferences

[57] Data based on CAFA's 2016 Consolidated Annual Financial Report (CAFR). See: http://www.thecafa.org/assets/uploads/docs/Audited_Financial_Statement_-_2016_2.pdf .

[58] JPFA Audited Financial Report 2016 Schedule 4, p. 30.

and seminars.[59] JPFA could not identify any such similar policy for JPFA staff including the Executive Director.[60]

Board Travel

The JPOIG calculated that the JPFA Board members expended $3,363 in 2016 for costs associated with attendance at the National Association of Local Housing Finance Authorities (NALHFA) conference in Dallas.[61] Analysis of documentation revealed that $325 of these expenses were incurred due to Board Members' travel cancelations. Additionally, $75 was spent for early airline check-in that was not necessary for travel.

Executive Director Travel

Mr. McCarthy was reimbursed $5,231 in 2016 for travel, although no JPFA policy existed to permit this reimbursement. Mr. McCarthy also received an annual car allowance of $11,086. The costs are assessed below:

CAR ALLOWANCE/RENTAL CAR USAGE

Mr. McCarthy received an annual car/cell phone allowance of $11,086 for 2016.[62] Car allowances are typically designed to compensate the employee for all vehicle expenses related to work travel. Any additional expenditures would customarily require written justification, demonstration that the mileage allotment has been exceeded, and board approval.

However, and notwithstanding the car allowance, records reflect that Mr. McCarthy was reimbursed for 5 instances of rental car usage and associated fuel expenses totaling $399. The rental car usage appears to be connected with meetings in Calcasieu Parish, estimated to be approximately 185 miles from the JPFA offices. Based upon the distance, it is reasonable to believe the mileage would reasonably be absorbed within the car allowance range.[63]

Further, it was observed that while not binding on the JPFA Parish policies in 2016 only permitted a maximum car allowance of $8,100.[64] Therefore, Mr. McCarthy's car allowance exceeded the Parish maximum allowance by $2,986.

JEFFERSON CHAMBER OF COMMERCE WASHINGTON FLY-IN – WASHINGTON, D.C.

Mr. McCarthy was reimbursed $1725 for travel to Washington D.C. to participate in the Jefferson Chamber of Commerce Washington Fly-In. This annual event is designed to permit interaction with members of the Louisiana Congressional delegation. Expenses were reimbursed for airfare, lodging and meals.

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[59] JPFA Travel Policy 06/30/2014.

[60] JP Travel and Training Policy & Procedure.

[61] JPFA Detailed Trial Balance for 2016- Account 6185 Travel Expense.

[62] JPFA Audited Financial Report 2016 Schedule 6, p. 32.

[63] As a point of reference only, the Parish Travel and Training Procedure at Section 8 states that, "employees who anticipate a need for an automobile rental must document the need and gain approval prior to out of town travel. … an employee is eligible to receive mileage reimbursement if they have driven more than the miles reimbursed via the monthly car allowance." Terry McCarthy did not keep records of mileage used, and does not obtain written approval prior to renting a car for travel. Under Parish travel policies, reimbursement would not have been permitted.

[64] Jefferson Parish's maximum reimbursement rate for 2016 was calculated on 1,250 miles monthly and IRS mileage reimbursement rate of 54 cents per mile.

(NALHFA) CONFERENCE - DALLAS

Mr. McCarthy was reimbursed $1571.29 for expenses related to the NALHFA conference in Dallas, TX. Related to this trip, the JPOIG also identified $72 in baggage fees charged to the JPFA AMEX card that were for personal travel of the Executive Director and his wife.[65] There are no transactions in the general ledger or other supporting documentation showing that these personal expenses were reimbursed to the JPFA.

An additional reimbursement of $40 was identified based on an AMEX charge dated 5/12/2016, for Mr. McCarthy that was found to not have any supporting receipts. The original purpose of the charge is unknown.

Summation - Staff and Board Expenses

Under the umbrella of JPFA "Staff and Board Expenses," we examine and analyze JPFA's Executive Director and Assistant Director's salary costs, the inclusion of certain JPFA employees into Civil Service, access to retirement benefits, per diem payments, and travel expenses.

The collective, but uncoordinated actions of the Parish (to include actions by Personnel regarding JPFA employees) are the cause of the current, confused state. Classifying, or more correctly misclassifying, the JPFA employees as Parish employees has resulted in the JPFA employees accessing Parish benefits. The resulting entanglement of employees between two separate systems allows employees to be wrongly entitled to Parish benefits while the Parish lacks requisite control. The JPFA has furthered facilitated this situation through the lack of an established pay plan, onboarding process for employees, benefits and retirement packages, and policies and procedures for various functions. The analysis also demonstrates a history of poor internal controls over certain JPFA expenditures and management practices.

In order to correct the actions taken previously, a series of findings are designed to sever the improper carrying of JPFA employees as Parish employees; correct the classification of JPFA employees as Parish Civil Servants; and cause the JPFA to establish policies and procedures under their own authority to address those areas where voids exist. See finding numbers 1 through 5.

PROFESSIONAL SERVICE FEES

Professional service fees is the next functional area audited by the JPOIG. Under the Trust Indenture, the JPFA possesses the authority to "[a]ppoint attorneys, paying agencies and corporate trustees in connection with the issuance of" bonds as well as to "[e]mploy a financial advisor, or advisors, to advise and assist the" Board in the marketing of bonds.[66]

The JPFA engages numerous professionals to provide services to the JPFA staff and Board. Detailed testing of the JPFA's General Ledger transactions show that professionals were compensated by JPFA without any competitive process and payments to professionals are not reasonably supported by documentation sufficient to justify total expenditures.

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65 AMEX Statement 05/12/2016- JP Finance Authority. AMEX details show charges for $36 each for extra baggage fees listing the passengers as Terry McCarthy and Nancy McCarthy.

66 JPFA Trust Indenture, Article VIII, Section 3(a).

Table #8, below, reflects professional services payments for fiscal years 2015 and 2016.

Table #8	**Professional Fees**			
Vendor	Fee Type	2015	2016	Total
The Konrad Law Firm	Monthly Retainer Agreement	$42,000.00	$42,000.00	$84,000.00
The Konrad Law Firm	Freddie Mac Program	$5,000.00		$5,000.00
The Konrad Law Firm	Bond Rollup Fees		$15,000.00	$15,000.00
The Becknell Law Firm	Freddie Mac Program	$25,000.00		$25,000.00
The Becknell Law Firm	Bond Rollup Fees		$65,000.00	$65,000.00
The Becknell Law Firm	Professional Fees-Legal	$3,723.75		$3,723.75
Gov't Consultants, Inc.	Freddie Mac Program		$25,000.00	$25,000.00
Gov't Consultants, Inc.	Bond Rollup Fees	$25,000.00	$45,000.00	$70,000.00
Sisung Securities Corp.	Freddie Mac Program		$25,000.00	$25,000.00
Sisung Securities Corp.	Bond Rollup Fees		$72,500.00	$72,500.00
Sisung Investment Services	Investment Mgt Fees	$16,150.02	$14,126.71	$30,276.73
George K. Baum & Co.	Bond Rollup Fees		$72,500.00	$72,500.00
Postlethwaite & Netterville	Professional Fees-Audit	$31,000.00	$31,000.00	$62,000.00
	Totals	**$147,873.77**	**$407,126.71**	**$555,000.48**

General Counsel Fees:
The JPFA contracts with Gordon R. Konrad ("Konrad") to serve as the JPFA's General Counsel. Currently, the JPFA has a three-year contract with Konrad which became effective 10/01/2015 and expires on 09/30/2018.[67] Under the terms of the contract, the Board agrees "to pay Counsel a monthly retainer fee of THREE THOUSAND FIVE HUNDRED AND NO/100 ($3,500) DOLLARS. Counsel agrees to submit monthly invoices" to JPFA. The fee, under the engagement, represents compensation for providing the following services:[68]

1. Render all professional services including without limitation advice, consultation, trial and such other professional work as JPFA may direct.
2. Devote whatever time and energy is necessary, required and requested in performing professional services under the direction of the JPFA and shall not in any wise act in derogation or conflict with the interest of the JPFA. It is understood and agreed that such services shall not be on a full-time basis but only as required.
3. Maintain and support his own office, stenographic services, library and provide for any assistance he deems necessary in the performance of his duties.
4. These legal services are to be provided under the immediate supervision of the JPFA Board and the staff.

Konrad was paid a total of $84,000 in 2015 and 2016 per his engagement as General Counsel.[69] A review of all invoices for calendar year 2016 shows that Konrad was paid a monthly retainer fee of $3,500 without any demonstration of hours spent or a detailed description of work

[67] Contract for Professional Legal Services- Gordon R. Konrad, 09/08/2015.
[68] Contract for Professional Legal Services- Gordon R. Konrad, 09/08/2015.
[69] Contract for Professional Legal Services- Gordon R. Konrad.

performed.[70] State guidelines mandate that "specific task and item billing must occur under every contract for attorneys even where an attorney is retained by an agency to provide general legal services and advice."[71] JPOIG relies upon state guidelines as most relevant and representative of best practices.

In addition to the monthly retainer, the JPFA paid Konrad an additional $20,000 for work on legal opinions relating to JPFA's Freddie Mac Program and three (3) bond retirements. These were paid in four (4) $5,000 increments without adequate supporting documentation.[72] This additional compensation was approved by the Board via resolution.[73] There is no record of hours spent or detailed description of work performed in connection with these payments. JPOIG wrote to Konrad and received the following response:

> "I do not bill on an hourly basis; rather, I receive a flat monthly fee in the amount of $3,500. In addition to the flat monthly fee, when I am required to issue a legal opinion on behalf of the Authority Relative to a new money bond issuance or a refunding transaction, I receive an additional fee that is approved by Resolution of the Board of Trustees of the Authority."[74]

This response is inconsistent with Konrad's written contract wherein he agreed to protect the JPFA's interest "by providing legal services, including attendance at all of the Authority's meetings and hearings, **provide opinions**, legal research, and appearances in court, or otherwise, on behalf of or in defense of the Authority."[75] In an effort to clarify that there are no other internal records, such as time recording of hours and work performed on services for the JPFA, the JPOIG sent a follow-up email and received the following response: *"As stated in my letter, my firm does not track hours spent representing the JPFA."*[76]

Overall, Konrad was paid $104,000 by the JPFA for services over a two-year period, including $20,000 in payments above the executed contract. The JPOIG confirmed that the attorney did not keep any detailed records of time and work performed for the JPFA.

Table # 9 reflects payments to The Konrad Law Firm, LLC for fiscal years 2015 and 2016:

Table # 9 **Payments to The Konrad Law Firm, LLC**			
	2015	2016	Total
Monthly Retainer Agreement	$42,000	$42,000	$84,000
Additional Payments	$5,000	$15,000	$20,000
Total	**$47,000**	**$57,000**	**$104,000**

[70] The Konrad Law Firm Retainer Agreement Invoice Sample 12/13/2016.
[71] La. Administrative Code 47.V.4703(B)(19), Attorney Case Handling Guidelines and Billing Procedures applicable to Louisiana State Government use of outside counsel.
[72] The Konrad Law Firm Invoices-Freddie Mac Program; Bond Series 2006C; Bond Series 2006D; Bond Series 2007C.
[73] JPFA Resolutions-Freddie Mac Program Resolution 08/10/15; Bond Series 2006C 02/01/16; Bond Series 2006D 09/26/16; Bond Series 2007C 11/14/2016.
[74] Letter from The Konrad Law Firm, LLC 04/21/2017.
[75] Contract for Professional Legal Services- Gordon R. Konrad.
[76] Email Correspondence-The Konrad Law Firm, LLC 04/28/2017.

Special – Bond Counsel Fees

The JPFA engaged Robert Konrad's wife and father-in-law, Allison Becknell and J. William Becknell, II, of the Becknell Law Firm ("Becknell"), to act as "Special Counsel" and to provide legal advice on bond programs. The firm was paid a total of $93,723.75 in 2015 and 2016. [77]

Similar to Konrad's role as General Counsel, the Becknell lawyers attend weekly meetings of the JPFA. Also like the General Counsel, the attorney(s) do not invoice JPFA based upon hours spent. The firm receives a flat fee which is established and approved by the Board through a resolution. The Becknell Law Firm confirmed receiving fees from JPFA in a letter to the JPOIG signed by J. William Becknell, II. In the letter, he states:

> "In accordance with industry standard for work performed in connection with bond and/or loan financing transactions, we do not bill on an hourly basis; rather, a flat fee is established by the financial professionals who structure the various transactions. The aforesaid fee is then approved by Resolution of the Board of Trustees of the Authority prior to payment."

The JPOIG followed up on the letter to clarify if the firm keeps any additional internal records, and received the following response via email from J. William Becknell, II: "This will confirm that our firm does not maintain any other documentation such as recordation of time spent on a particular matter for the JPFA…"[78]

Advice given by Allison Becknell and J. William Becknell, II of the Becknell Law Firm as "Special Counsel" is reviewed by "General Counsel," Robert Konrad. Therefore, the General Counsel is paid, in addition to his retainer agreement, to provide legal opinions on bond retirements and issuances done on the advice and counsel of his wife and father-in-law as "Special Counsel." See Table #10.

Table #10	**Payments to The Becknell Law Firm**			
	Professional Fees	Freddie Mac	Bond Roll-Up	Total
2015	$3,723.75	$25,000		$28,723.75
2016			$65,000	$65,000.00
Total	$3,723.75	$25,000	$65,000	$93,723.75

Other Third Party Professionals

In addition to attorneys, the JPFA retained other professional services such as financial advisors, consultants and external auditors. Like the engagement of Becknell, these consultants were retained by the Board through a resolution without any advertised process to solicit applications from other interested professionals.[79] The JPOIG identified that $357,276.73 in other

[77] Letter from The Becknell Law Firm 04/21/2017.

[78] E-mail Correspondence from J. William Becknell, II 04/26/2017.

[79] JPFA is not obliged to abide by Parish ordinance relating to the engagement of professionals because it is not a part of Parish government and its authorities are defined by the Trust Indenture. As a point of reference, however, the Jefferson Parish Code of Ordinances (JPCO) Section 2-926 *et seq* provides that the Parish shall advertise for submittals of statement of qualifications from persons or firms interested in providing professional services. JPCO 2-933, *Contract negotiation and approval*, states that a contract will be negotiated with the persons or firm selected, and no work shall be authorized nor no payment made until the contract is executed.

professional services retained by way of Board resolution, of which $265,000.00 was paid without the benefit of an written contract with detailed billing requirements.

Table #11 below details the procurement, contracting and billing issues identified by vendor:

Table #11	Other Professional Services Procurement & Billing		
Vendor	2015 & 2016 Total	No Advertised Bid	No Contract or Detailed Billing
Government Consultants, Inc.	$95,000.00	$95,000.00	$95,000.00
Sisung Securities Corporation	$127,776.73	$127,776.73	$97,500.00
George K. Baum & Company	$72,500.00	$72,500.00	$72,500.00
Postlethwaite & Netterville	$62,000.00	$62,000.00	N/A
Totals	**$357,276.73**	**$357,276.73**	**$265,000.00**

The JPFA executed a contract with Postlethwaite & Netterville to perform external audits of the JPFA financial statements for fiscal years 2015 and 2016.[80] The JPFA did not advertise for submittals for these services. The JPOIG confirmed directly with the firm that internal billing records are maintained.

The JPFA executed a Bidding Agent Engagement Agreement with Sisung Securities Corporation and George K. Baum & Company to retire certain bonds. For the Series 2006C Bonds transaction, the total value of the contract was $55,000 with a flat fee payment of $27,500.00 paid to each of the two agents.[81] This contract is irregular as to its duality, and it does not specify which firm is responsible for performing which duties set forth in the contract. The JPFA did not advertise for submittals for these services.

Summation – Professional Service Fees

Under the umbrella of JPFA "Professional Service Fees," we examined and analyzed a variety of professional services expenditures which total more than $555,000 for the audit period of 2015 & 2016.

The analysis revealed that the JPFA did not engage in efforts to utilize bidding to control costs, failed to execute contracts with all retained professionals, and failed to require detailed invoicing. Further, the Special Council firm, who was retained without contract, is owned by the General Counsel's spouse and father-in-law. A series of findings relevant to this section are designed to guide the JPFA towards the adoption of more effective, efficient and fiscally sound procurement and consultant management. See finding number 6.

LOANS

The next functional area audited is the JPFA's loan programs. The JPFA provides programs for low-income residents of Jefferson Parish and other neighboring parishes to secure down payment assistance (DPA) and mortgage financing. During the audit period, JPFA utilized three separate program vehicles to accomplish their mission: the Southern Mortgage Assistance Program ("SMAP"), FreddieMac program and the HOME program operated by the federal Department of Housing and Urban Development ("HUD").

[80] Engagement Agreement Postlethwaite & Netterville, 2014 & 2015.
[81] Bidding Agent Agreement Bond Series 2006C.

Premium Pricing to Borrowers-Southern Mortgage Assistance Program (SMAP)
The primary function of the JPFA is to administer the Southern Mortgage Assistance Program (SMAP) within the geographic boundaries of Jefferson Parish, St. Tammany Parish, St. Charles Parish, Allen Parish, Beauregard Parish, Cameron Parish, Jefferson Davis Parish and Calcasieu Parish.[82]

This program is a down-payment assistance program offered to first-time, low to moderate income borrowers whose credit scores are greater than 640, and whose incomes qualify them for SMAP funds. The JPFA provided down-payment assistance for 350 loans in calendar years 2015 and 2016. See Table # 12.

Table # 12	**Loan Demographics (2015-2016)**								
	Total Loans	**Closed 2015**	**Closed 2016**	**3% DPA**	**4% DPA**	**Avg. DPA**	**Avg. Rate**	**Monthly Pmt (P&I)**	**Avg. Loan Amt**
Loan Sample	25	10	15	36%	64%	$5,300	4.515%	$736	$145,000
Total Loans	350	165	185	35%	65%	$5,000	4.463%	Unknown	$138,000

The JPOIG selected a sample of 25 loans to test for the following attributes:

- Eligibility for SMAP: credit score of 640 or higher, income met limits at time of loan application approval (Exhibit B), and acquisition cost of residence did not exceed program parameter.
- Eligibility documents (SMAP Exhibits A-F) are fully completed, dated prior to the close and part of the borrower's loan file, when applicable.
- SMAP Exhibit D includes the clause "recognizing that the interest rate on a mortgage loan may (or will) be higher than otherwise available due to this benefit."
- Validated the loan balance, date of close, property address, interest rate, and monthly mortgage note payment.
- Validated the loan to the pooling report documenting the loan sale to G.K. Baum.
- Selected a monthly payment on the loan and validated the amount to the Standard Mortgage payment remittance detail report and recalculated all funds paid back to the JPFA and Standard (4% loans only).
- Confirmed mortgage rate with the G.K. Baum Rate Sheet calculations.

Down Payment Assistance and Increased Rates
The Southern Mortgage Assistance Program (SMAP) is promoted by the JPFA as a grant program (that does not have to be re-paid) which provides qualified borrowers with down-payment assistance to purchase their first home.[83] However, an evaluation of the program reveals that (1) the down-payment assistance is returned to JPFA by borrowers through an increased interest rate and fees associated with financing; and (2) the program generates revenue to JPFA through these fees paid throughout the life of the borrower's loan.
First, borrowers pay an increased mortgage premium (an average additional rate of 1%) for the life of the 30-year loan in exchange for the down-payment assistance. The result is that

[82] The program for Calcasieu Parish was terminated due to lack of volume of loan transactions in fiscal year 2016.
[83] The JPFA provides two levels of assistance, a 3% DPA program that is repaid in full when the loan is pooled and sold in the MBS marketplace, and a 4% DPA program, where the JPFA receives 3% when the loan is pooled and sold, and an additional .25% of the remaining loan balance, amortized over the life of the mortgage loan.

borrowers are essentially re-paying what has been represented as a grant. The calculated actual repayment amount at compounded premium interest rates, result in the borrowers paying approximately four (4) times the original grant amount over the life of the loan.

Table # 13 below depicts the monthly payment distribution based upon the sample SMAP loan population averages for 2016. The JPOIG averaged the sample population data elements that drive both the borrower's principal and interest payments as well as the additional fees that are amortized into the loan. Borrowers who opt for the higher down payment assistance amounts (4% of the original loan amount) pay additional JPFA fees over the life the loan.[84]

Table # 13	Assumptions: $145,000 Loan Closed on 01/01/2016		
	No Assistance	**3% Assistance**	**4% Assistance**
Interest Rate	3.5%	4.3%	4.5%
P & I Payment	$651.11	$713.31	$734.69
Amortized Cost of Premium Interest	$0	$22,391	$40,668
Equity Lost	$0	$2,924	$4,159
Cost of Accepting DPA Grant	**$0**	**$25,315**	**$44,827**

Notice of Down Payment Assistance Premium

The JPOIG concluded from loan file testing that borrowers were not properly informed of the premium interest rate associated with the down payment assistance grant. Review of the "Exhibit D" Notice of Down Payment/Closing Cost Assistance Grant documents revealed varied statements of disclosure over the audit period, including 4 borrower forms that did not include any disclosure language.[85] See Table # 14 below.

Table # 14	Varied Disclosure "Exhibit D" Forms			
Year	**No Disclosure**	**"May" Be Higher Disclosure**	**"Will" Be Higher Disclosure**	**Total**
2015	4	6	0	10
2016	0	3	12	15
Total	**4**	**9**	**12**	**25**

The JPOIG interviewed a sub-set of borrowers from the sample of 25 selected for testing and concluded that even when the disclosure statement was included, the borrowers were not aware of the premium interest rate associated with the down payment assistance grant. Additionally,

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[84] To address the JPFA Board Chairman's request for clarification, the JPOIG validated the Amortized Cost of Premium Interest in Table # 13. The Amortized Cost of Premium Interest is amortized over a 30-year period with interest compounded monthly. This results in the borrower re-paying in excess of 4 times the amount of the down payment assistance if the 3% assistance was elected, and in excess of 8 times the amount of the down payment assistance if the 4% assistance was elected.

[85] Borrowers may receive between 3% or 4% of the property loan amount, which is an average dollar amount of $5,000 per borrower. Sample Exhibit D Forms (Redacted) with no disclosure, "May be higher disclosure", and "Will be higher disclosure."

borrowers were not aware of the difference between the 3% assistance grant and the 4% assistance grant, which includes an additional .25% premium on the interest rate. Overall, borrowers were not provided adequate information to assess the financial impact of accepting the DPA grant.

JPFA Paid Back After Loan is Sold

The down payment assistance provided by JPFA is fully paid back after the loan is closed, pooled and sold in the mortgage backed securities (MBS) marketplace. This typically occurs within 30-45 days after closing. In addition, the JPFA receives a one-time fee that averages 1% of the loan amount. This circular financing method is used to continue to fund future assistance for other qualified borrowers.

Recipients of the higher down-payment assistance (4%) pay an additional fee over the life of the loan. This fee equals, on average, to 4% of the monthly mortgage payment. Thus, the amortized monthly loan payment for recipients of down-payment assistance includes the loan premium (an average of 1%) and the JPFA monthly fee, in applicable, in addition to all other standard monthly.

Summation - Loans

The SMAP is advertised as a grant that does not have to be repaid. However, the circular financing method used, returns the amount of down-payment assistance to the JPFA within 30-45 days after the loan closes and leaves the borrowers paying for the assistance through increased interest rate and fees over the life of the loan. Based upon the audit, borrowers are not fully educated by JPFA, or its lending partners, that a return of the down-payment assistance will be built into loan payments.

On 03/03/2017, the HUD OIG issued report number 2017-LA-0003 entitled "FHA Insured Loans with Borrower-Financed Downpayment Assistance" that criticized programs like SMAP as being non-compliant with HUD requirements. [86] Also included in this report was an analysis of the impact that these increased mortgage rate premiums have on disadvantaged borrowers. Table # 15 below depicts a comparison of a borrower loan without down payment assistance, and the actual cost over time of receiving the cash down payment assistance from a SMAP-model program.[87] See finding #7.

[86] HUD OIG Report 2017-LA-0003 p.3.
[87] HUD OIG Report 2017-LA-0003 p. 17.

Table # 15	Interest rate cost comparison to a 3.25% interest rate mortgage loan with no downpayment assistance		
	3.75% rate with downpayment assistance	**4.00%** rate with downpayment assistance	**4.25%** rate with downpayment assistance
Additional interest at 6 years	$4,223	$6,347	$8,477
Reduced equity at 6 years	1,314	1,948	2,564
Cash benefit of borrower not providing downpayment	5,250	5,250	5,250
Total 6-year cost to borrower	**288**	**3,044**	**5,792**
Total 30-year cost to borrower	**9,294**	**16,745**	**24,314**

Overpaid HOME Fund Service Fees

On 07/12/2016, the JPFA entered into a Cooperative Endeavor Agreement (CEA) with the Parish to administer the HOME Investment Partnership Program (HOME), a federal Department of Housing and Urban Development (HUD) program which provides funds to expand the supply of safe, decent and affordable housing for low-income.[88] The HOME program is supervised by the Department of Community Development for the Parish. Under the CEA, JPFA agreed to market services for the HUD HOME program and to transfer funds at loan closings for a 10% administration fee paid out of federal grant funds.[89]

The total amount of the federal grant is $1,820,996 and per the CEA, the JPFA may retain up to 10 % of that amount or $182,100.[90] Funds transferred to the JPFA HOME bank account during fiscal year 2016 totaled $846,709.[91] Funds transferred in 2017 year-to-date were $135,000 as of 04/30/2017.[92]

The JPFA transferred HUD HOME funds at loan closings for qualified borrowers, but the JPFA did not market the program. In November of 2016, the Director of Community Development met with the JPFA's Executive Director. Subsequently, the JPFA Executive Director sent an email 12/14/2016 stating that the majority of the fees retained by the JPFA will need to be returned explaining that the JPFA was not performing the advertising and marketing component detailed in the CEA.[93]

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[88] The CEA was authorized by the Parish Council via Resolution No. 127366, dated 06/22/2016.

[89] JPFA Meeting Minutes 06/13/2016 p. 3-4. The resolution approved by the JPFA Board of Trustees on 06/13/2016, stated "pursuant to the terms of the Agreement, the Authority will earn a ten (10%) percent administrative fee for administering the Program." Additionally, through review of the recorded board meeting minutes, the JPOIG observed that the Executive Director explained to the board that the JPFA would retain the full 10% fee since they voted not to hire the external marketing consultant.

[90] CEA for the HOME Investment Partnership Program p.2.

[91] Whitney Statement of Account JPFA FTHB HOME 07/01/2016-12/31/2016 p.4, 6, & 7.

[92] Whitney Statement of Account JPFA FTHB HOME 01/01/2017-01/31/2017 p.4.

[93] Email from TMccarthy@jeffparish.net 12/14/2016.

Table # 16 **JPFA HOME Program Fees**	
Total Fees Collected (10%)	**$73,068.29**
JPFA Retained Fees	**$8,743.67**
JPFA Employees	*$548.07*
JPFA Executive Director	*$1,295.60*
Legal Review	*$5,000*
Bank/Wire Fees	*$1,900*
Fees Returned to HOME	**$64,324.61**

Still, the JPFA retained fees from the HUD HOME program. Mr. McCarthy provided an excel "Time Allocation" worksheet listing expenses of $8,743.67 incurred administering the program.[94] The JPOIG observed that this sheet shows the employees and executive director retained fees of $1,843 based on an estimated time study of work performed on the program and not true functional time sheets. Additionally, the $5,000 in legal fees was retained without any supporting documentation only stating "Legal Review of Agreement and Resolution Preparation." Recall the section above on legal services and monthly retainer fees for Mr. Konrad.

The JPOIG performed an analysis of the two HOME Funds and Fees bank accounts opened by the JPFA and confirmed that a total of $73,068.29 was retained as the JPFA fee (10% of the total funds wired) in 2016. Therefore, on 12/15/16 the remaining $64,324.62 was transferred back into the HOME Funds Program.[95] See Table #16 depicting the total HOME program fees collected by the JPFA. See finding # 8.

GOVERNANCE

Governance, including financial sustainability, is the last functional area audited by the JPOIG.

Agency Financial Position and Future Sustainability

The JPFA maintains two operating bank accounts, several accounts for the bond debt issuances, and two accounts for management of the federal HOME program funds. The JPOIG reviewed all bank statements for the calendar year 2016. Analytical procedures were performed on the JPFA's budget and its audited financial statements for fiscal years 2015 and 2016.

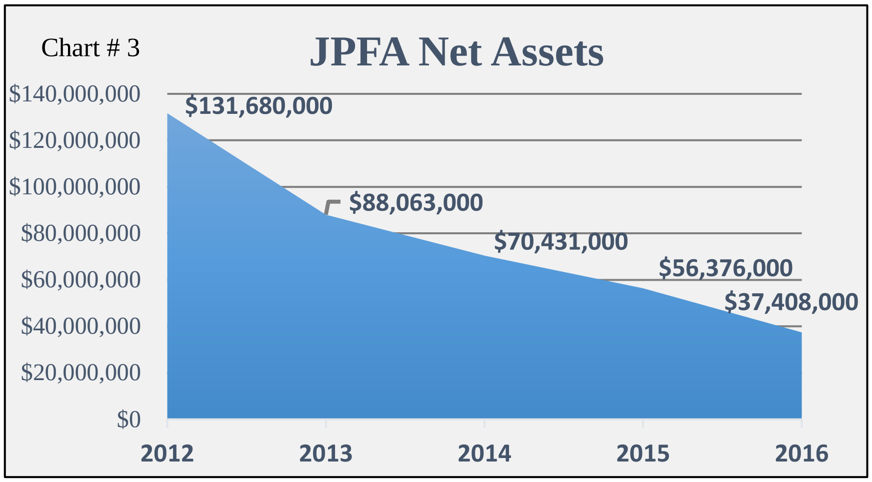
Income

The JPFA receives operational income from three sources:

1. The recoupment of the down payment assistance provided to borrowers.[96] This occurs approximately one month after the borrower's loan closes escrow.
2. A JPFA fee, averaging 1%, when the loans are sold to the marketplace by the loan servicer. This represents approximately $1,500, on average, for each borrower loan assisted by the JPFA.
3. A .25% fee on the higher down payment assistance loans, which is amortized into the borrower's monthly mortgage payments. The loan servicer collects this fee and remits it monthly to the JPFA each time the borrower makes a monthly loan payment.

[94] "FTHB" CD Time Allocation 11/09/2016.
[95] Whitney Statement of Account JPFA FTHB HOME 01/01/2017-01/31/2017 p.7.
[96] Down payment assistance given to borrowers is recouped by JPFA after participant-borrowers' loans are pooled and sold at a premium by the loan servicer to the securities marketplace as mortgage-backed securities.

Income from operations identified above totaled **$181,000** in fiscal year 2016. Operating expenses for fiscal year 2016 were **$701,000**.[97] JPFA's cost of operations exceeds its income by approximately **$500,000**.



The JPFA also receives (1) interest earnings on its restricted and unrestricted investments, and (2) premium gains made from the sale of investment assets (early debt retirements). For the past several years, JPFA has funded their operations through the sale of bond assets resulting in a year-over-year depletion of total assets. This has resulted in a depletion of nearly $100 Million between 2012 and 2016. The depletion of assets is not fully captured in the JPFA's annual budget because the restricted funds have not been included within the annual budget prepared by Executive Director McCarthy. See Chart #3 below.

Budget

The JPFA Executive Director prepares an annual budget for the operation fund only, which is adopted by the Board. This process excludes the restricted funds resulting in an incomplete budget.[98] For each of the previous three years, the budget resulted in a "planned budget deficit". The JPFA Board-approved budget for 2017 contained planned deficits of ($291,560) for the operating fund.[99] See Table #17.

Table #17	Jefferson Parish Finance Authority				
	2017	2016		2015	
	Budget	Actual	Budget	Actual	Budget
Total Revenue	$451,639	$473,951	$388,426	$516,679	$442,904
Total Admin Expenses	$23,792	$29,033	$29,928	$27,055	$30,422
Total Operating Expenses (excluding accrued leave)	$719,407	$667,698	$750,137	$653,247	$717,430
Grand Total (Revenue-Expenses)	$(291,560)	$(222,780)	$(391,639)	$(163,622)	$(304,948)

[97] JPFA 2016 Audited Financial Report, Schedule 2, page 28. Operating expenses includes salary, benefits, and per diems.

[98] The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. – GASB 54.

[99] JPFA Budget 2017. FA Meeting Minutes 12/12/2016 p. 2-3.

The JPFA uses the interest earnings and extraordinary gains on asset sales to pay for operational deficits, including staff salaries and benefits, per diems and professional service fees. In 2016, interest earnings and extraordinary gains on asset sales amounted to **$2,986,000**. [100] This activity is not reflected in the JPFA budgets. Thus, the asset sale process results in the residual funds being transferred to operational accounts. See Finding # 9.

Questionable Operating Transfers

For 2016, JPFA transferred residual amounts of **$1.3 Million** into its operational funds. Table # 18 depicts the operating transfers reported in the audited financials for 2016:[101]

Table # 18	Operating Transfers FY 2016								
	Unrestricted	Restricted Funds							
Description	1991 Operating Fund	2006B Program Fund	2006C Program Fund	2006D Program Fund	2007B Program Fund	2007C Program Fund	2008B Program Fund	2009ACF Program Fund	HOME Program
Transfers In (out)	$1,397,000	($717,000)	($500,000)	($5,000)	($11,000)	($18,000)	($2,000)	($144,000)	$0

The JPOIG observed that the JPFA's budget should include:

- All anticipated revenues.
- All anticipated transfers between and among funds should be reflected.
- All amendments to the budget should be provided to the JPFA Board.[102]
- Notice of the budget should be forwarded to the Parish Council as beneficiary.[103]

Jefferson Parish is the Beneficiary of the Trust, and is currently not informed when trust assets are sold, nor are they informed when the respective bonded debt is retired, nor are they informed of the net amount of cash remaining in the bond fund and the intended use of these funds. See Finding # 10.

Lack of Self-Governance

<u>Benchmarking—Two Similar Agencies</u>

The JPOIG performed a benchmarking study of two similar agencies in the state of Louisiana to confirm best practices for finance authorities that operate as public trusts, or are direct agencies of the state.[104] The analysis revealed the following fiscal reporting elements are present in other successful finance authorities:

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[100] JPFA 2016 Audited Financial Report, Schedule 2, page 28 (Total Revenues $3,167,000 less income from program operations 181,000 equals $2,986,000.

[101] JPFA Audited Financial Report 2016.

[102] La.R.S. 39:1310 requires that when "there has been a change in operations upon which the original adopted budget was developed, the governing authority shall adopt a budget amendment in an open meeting to reflect such change…" *See* La.R.S. 39:1302, *Definitions*, "Governing authority" means the body which exercises the legislative functions of the political subdivision. La.r.s. 39:1302(3)(g)-(h) defines "Political subdivision" to include a Housing authority and a Mortgage authority, respectively.

[103] Trust Indenture p. 6 The JPFA Trust Indenture Article IV, Section 6 states, "The purposes of this trust are…to expend all funds coming into the hands of the Trustees as revenue or otherwise for the payment of any indebtedness incurred by the Trustees on behalf of the Trust, and in the payment of the aforesaid costs and expenses, and in payment of any other obligation properly chargeable against the Trust's assets or attributable to its operations, and to distribute the residue and remainder of such funds to the Beneficiary of the Trust hereby created."

[104] Louisiana Housing Corporation and Capital Area Finance Authority. http://lhc.la.gov/, http://www.thecafa.org/.

- Development of a strategic plan is considered essential to ensure fiscal growth and sustainability.
- Policies and procedures for governance, operations, and fiscal accountability.
- Develop a process for the onboarding of new employees and board members.
- Prepare interim financial statements which are presented to the Board,.
- Report on the agency's investments, investment strategy, and interest earnings are provided regularly.
- Report on the agency's bonded debt balances, payments, and interest paid are provided regularly.
- Monthly meetings of the Board and limit Board per diems.

Lack of Adequate Policies and Procedures

The JPOIG requested all policies and procedures governing the JPFA in an effort to assess whether they are:

1. Updated
2. Adequate to prevent and deter fraud, waste and abuse,
3. Consistent with the current operational processes, and
4. Formally adopted and reflect author, date of issuance/revision, and governing law or authority.

The first request for all policies and procedures was made in August 2016, during the audit planning process. The JPFA then provided 15 pages of process narratives and desk procedures.[105] The process narratives were undated, but authored by the Authority's external auditors. The desk procedures were dated 12/31/2009, but did not reflect authorship. However, neither the process narratives or the desk procedures were formally adopted by the Board.

However, during the course of the audit JPFA staff made references to additional policies and procedures beyond those provided. Thus, additional requests were made to again secure all copies of current policies adopted by the Board. The process culminated with a final and formal request for records dated 04/28/2017.[106] This final request was complied with on 05/10/2017. It was determined that the JPFA had adopted, through Board resolution(s), the following written fiscal policies:

1. Checking Account Maximum Balance/Transfer of Funds Policy, Adopted 04/22/2013
2. Cash Investment Policy, Amended 10/20/2014
3. Transcription of Board Minutes Policy, Adopted 05/16/2016
4. Reimbursement Per Diems/Expenses Policy, Adopted 07/13/2009
5. Per Diems Policy, Amended 06/02/2008
6. Travel Policy, Adopted 06/30/2014
7. Credit Card Policy, Adopted 06/30/2014[107]

[105] JPFA Process Narratives and Desk Procedures.
[106] Request for Records 04/28/2017.
[107] JPFA Board Adopted Policies.

The JPOIG reviewed the policies and procedures that were provided by the JPFA and concluded that they were not sufficient to support an effective internal control system for an agency of JPFA's size and complexity. Policies that are normally necessary for an organization with over $37 million in assets are; a procurement policy, a budget policy, interim financial information policy, board orientation policy, funds transfer policy, payroll and timekeeping policy, restricted funds policy, and a debt management policy.

Inadequate Board Information

The 2016 minutes reflect that there is continuous and escalating discord among the JPFA Board with two factions existing between five (5) veteran members and the three (3) newest members. The JPOIG observed that one element of the discord was related to the lack of onboarding and orientation for new Board members. The JPFA does not have any procedures in place to advise new Board members on operations, financials, and programs.

The JPOIG reviewed all board minutes for 2016, and observed references to multiple heated discussions among the Executive Director and the Board. The subject of the conflict was often persistent questioning from new board members on the JPFA's bond retirements, professional fees, improper stewardship of resources, fiscal status, and the frequency of meetings. Unlike other public trust finance authorities, the JPFA Board members are not provided with regular interim financial or operating reports. At the inception of the JPOIG audit, no evidence was found that financial statements or written interim reports were provided to the JPFA Board.

However, the Executive Director's employment agreement states, "Reviews for accuracy of all financial statements and presents to the Board of Trustees on a quarterly basis a financial report on the restricted and unrestricted accounts."[108] The 2016 external auditor recommended in the JPFA's exit conference that the JPFA implement regular financial reporting to the Board.. Regular financial and operating reporting is standard information that the Board should receive in order to make informed decisions.

Appointment Term

Recall from the Background section above that JPFA's Trust Indenture established 3-year terms for board members. Nevertheless, a review of all board appointments showed that members are continuing to serve beyond their established 3-year appointment. While all appointments are made by the Parish Council or Parish President, JPFA executive management can and should officially request action by the appropriate authority in a timely manner. See Table # 19 below.

Table #19 **JPFA Board Members**

Trustee Name	Original Appointment	Appointment/ Reappointment Date	Years of Service	Term Expiration	Council Representative
Mr. Jackie Berthelot	N/A	1/25/2012	5	1/25/2015	District 1
Mr. Mitchell Boyter	N/A	4/30/2014	3	4/30/2017	At-Large – Div. B
Mr. Dennis DiMarco	1/25/2012	10/5/2016	5	10/5/2019	Parish President
Mr. Frank Muscarello	3/22/2006	5/2/2011	11	5/2/2014	At-Large – Div. A
Mr. Greg Faia	11/3/2010	10/5/2016	6.5	10/5/2019	District 4
Mr. Sam Schudmak	N/A	9/17/2014	2.5	9/17/2017	District 2
Mr. Dalton Simmons	N/A	9/23/2015	1.5	9/23/2018	District 3
Ms. Marcy Planer	N/A	2/17/2016	1	2/17/2019	District 5

See Finding # 12.

[108] Amended Employment Agreement Between The JPFA and Terry McCarthy.

Attachment A

Findings and Recomendations

FINDINGS AND OBSERVATIONS

An observation is the result of looking at a process or procedure being performed by others. Observations are a form of audit evidence about the performance of a process or procedure, but the evidence is limited to the point in time at which the observation takes place.

A finding indicates a material or significant weakness in controls or compliance that was not detected or corrected by an entity in the normal course of performing its duties. Findings can be any one or the combination of the following: (1) significant deficiencies in internal controls; (2) fraud and illegal acts; (3) violations of contracts and grant agreements; (4) waste; or (5) abuse. For certain internal control elements, the JPOIG has utilized the GAO's "Standards for Internal Control in the Federal Government" as a guide to…"improving accountability"…and promoting and implementing…"an effective internal control system."

Finding #1: JPFA Employees Misclassified as Parish Employees

Condition:

Jefferson Parish has carried employees of the JPFA, a non-Parish entity, as Parish employees. The JPFA is a separate non-Parish entity governed by a Trust Indenture. These employees have been provided all of the benefits and privileges of being a Parish employee while the JPFA controlled the terms and conditions of employment, including, but not limited to salary.

Criteria:

The Trust Indenture authorizes the JPFA to appoint a "general manager" or an "administrator" to properly operate the business of the JPFA. The trust indenture establishes the legal authority of the JPFA, it does not and cannot establish any relationship with Jefferson Parish beyond that of the Parish being the beneficiary.

Cause:

JPFA employees have been included in the Parish Classified Service since 1988 when Personnel directed the inclusion. The inclusion of JPFA employees in the Classified Service is incongruent and irreconcilable with the provisions of the Trust Indenture. The Parish has taken various inappropriate and unsupported actions over the years regarding JPFA employees that has created and facilitated the misperception that JPFA employees are Parish employees for the purposes of classification, benefits and pension. These actions include:

- The Personnel Board classifying certain employees of the JPFA as civil servants,
- Tim Whitmer, the former Chief Operating Officer for the former Parish President, created a position within the Parish for an outside entity, and
- The Parish Council creating or assisting the JPFA in creating positions.

Exposure:

The Parish carried employees of an outside entity, JPFA, as Parish employees, and the Parish reported and represented to third parties, i.e. PERSLA, the IRS, Louisiana Department of Revenue, that these individuals were Parish employees even though the Parish had no supervisory control over these individuals. Further, representing JPFA employees as employees of the Parish exposes the Parish to liability and the risk of non-compliance with relevant regulators, i.e. U.S. Department of Labor, because the Parish had no supervisory control over them.

Recommendation:

The JPOIG recommends that the Parish take the following actions based upon the above:

1. The Parish should recognize the JPFA as a separate entity and sever the inappropriate and unsupported relationship with all JPFA employees,
2. The Parish should ensure that all persons recorded as Parish employees are in fact employees of Jefferson Parish government entities established by Charter or Ordinance, and
3. The Parish should seek to clarify and redress any past reporting that has been made to third parties concerning JPFA employees.

The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture, should implement the following:

1. Human Resource policies and procedures for all employees, including the Executive Director, and
2. A salary and benefits plan to include salaries and benefits supported by policy and procedure.

Finding #2: Executive Director Misclassification as a Parish Employee

Condition:
Tim Whitmer, the former Chief Operating Officer for the former Parish President Aaron Broussard, directed the Parish Finance Department to create a new position of Executive Director of the JPFA within the Parish payroll system, and effect the transfer of accumulated sick leave and benefits to his "new department." [1]

As a result of this legally unsupported action, the newly appointed Executive Director of the JPFA, Mr. McCarthy, retained all of the benefits and privileges of being a Parish employee while the JPFA controlled the terms and conditions of employment, including, but not limited to salary.

Criteria:
The Trust Indenture authorizes the JPFA to appoint a "general manager" or an "administrator" to properly operate the business of the JPFA. The Trust Indenture establishes the legal authority of the JPFA and does not mention, infer or otherwise impact any relationship with Jefferson Parish beyond that of the Parish being the beneficiary. During the audit fieldwork, the Parish Attorney's Office issued a letter as to Mr. McCarthy's employment status. The Parish Attorney's Office determined that "Terry McCarthy ceased employment with the Parish of Jefferson as of 05/16/2009.

Cause:
Tim Whitmer, the former Chief Operating Officer for the former Parish President, created a position within the Parish for an outside entity.

Exposure:
The Parish carried Terry McCarthy, an employee of the JPFA, as a Parish employee, reporting and representing him as a Parish employee to third parties, i.e. PERSLA, the IRS, Louisiana Department of Revenue. Further, representing Mr. McCarthy as an employee of the Parish exposes the Parish to liability and the risk of non-compliance with relevant regulators, i.e. the U.S. Department of Labor, because the Parish had no supervisory control over him.

Recommendation:
The JPOIG recommends that the Parish implement the recommendations identified within Finding #1.

The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture, implement the following regarding Mr. McCarthy:

1. Review the role and responsibilities of the Executive Director and amend the salary and benefits package so that it is supported by current policy, the requirements in the Executive Director's contract, and the JPFA operating budget.
2. Relate the Executive Director's salary to performance metrics based upon meeting JPFA's mission.

[1] E-Mail from Tim Whitmer to Gwen Bolotte, Director of Finance, dated 05/14/2009.

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

Condition:
Mr. McCarthy, as the JPFA Executive Director, created a job description for the Assistant Director which does not list any educational or professional certification requirements, commensurate with fiscal and management responsibilities. The position did include these qualifications:

1. Current employment and permanent civil service status with Jefferson Parish, and
2. At least seven (7) years of work experience in the Jefferson Parish Finance Authority with responsibility for technical market rate programs and/or bond issues.

The Parish, at the request of Mr. McCarthy, created the position of the JPFA Assistant Director within the Parish Classified Service Pay Plan.[2]

Criteria:
The Trust Indenture implicitly creates an affirmative obligation upon the JPFA to retain qualified personnel to properly operate the business of the JPFA. The trust indenture establishes the legal authority of the JPFA and does not mention, infer or otherwise impact any relationship with Jefferson Parish beyond that of the Parish being the beneficiary.

Cause:
The JPFA does not have a pay plan or a process of creating positions for JPFA employees that is separate and distinct from the Parish's personnel process.

Mr. McCarthy, the JPFA Executive Director, created a position description which limited the applicant pool and which failed to support the retention of an individual with requisite professional experience and qualifications.

The position of Assistant Director is erroneously included in the Jefferson Pay Plan for Classified Service.

Exposure:
The JPFA retained an individual who was not qualified to perform the essential functions of accounting, operations, management, reporting, and compliance as evidenced by the below observations:

- Accounting errors were identified in the books and records maintained by the Assistant Director.[3]
- A lack of knowledge and skills in basic accounting practices were observed.
- Resistance to basic audit documentation requests, delays and obstructions to the free exchange of information requested.

The Parish carries the position of Assistant Director within Parish Classified Service when the Parish has no supervisory control over the individual retained.

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[2] Parish Council Ordinance No. 25093, 02/17/2016, eliminating the position of Assistant to the Jefferson Parish Finance Authority, Pay Grade 22 and creating the position of Assistant Director-Jefferson Parish Finance Authority, Pay Grade 30 with same duties. Parish Council Ordinance No. 24393, 12/12/2012, the Parish Council created the position of Assistant to the Jefferson Parish Finance Authority, Pay Grade 22, under a proposal "forwarded to this Council as necessary and in the best interest of Parish Service…"

[3] In fiscal year 2016, the external audit firm made a total of 7 reclassifying journal entries and 2 adjusting journal entries, totaling $1,829,342. This amount, while not considered material to the external audit firm, represents 5% of the authority's net assets as of 12/31/2016 and 58% of the authority's revenues for fiscal year 2016.

Recommendation:
The JPOIG recommends that the Parish implement the recommendations identified within Finding #1.

The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture, implement the following:

1. Evaluate all position descriptions, including the Assistant Director,
2. Revise the current job descriptions to reflect the knowledge, skills and abilities to properly operate the business of the JPFA, and
3. Establish policies and procedures for selection and retention of individuals in a manner which does not unnecessarily reduce the applicant pool.

Finding # 4: Parish Retirement Benefits

Condition:
Because JPFA employees are improperly carried as Parish employees, JPFA employees may participate and receive retirement benefits from the Parochial Employees Retirement System (PERSLA).[4]

Criteria:
Parish employees are eligible to participate in PERSLA through the Jefferson Parish government. All permanent Parish employees who work at least 28 hours a week become members of the PERSLA on the date of employment.[5] An employee must have seven years of service in order to become vested to receive retirement benefits.

Cause:
The Parish is reporting JPFA employees to the PERSLA as if they are Parish employees.[6] As a result, the PERSLA shows years of service credit for retirement benefits for all JPFA staff and management.

Exposure:
The JPFA has paid employer contributions using public funds of $96,200 for fiscal years 2015 and 2016 on behalf of JPFA employees without the JPFA being determined an eligible agency by the PERSLA. The JPOIG estimates that the total employer contributions paid since 1988 is in excess of $1.3 million.

Recommendation:
The JPOIG recommends that the Parish implement the recommendations identified within Finding #1.

The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture, written request that PERSLA make a determination as to whether JPFA may participate in PERSLA.

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[4] There are provisions under state law for eligible entities to petition for participation in PERSLA. JPFA has not petitioned PERSLA for participation.
[5] PERSLA Summary, Section 2 Members. http://www.persla.org/new_pdf/Summary16.pdf
[6] JP Monthly Report of Earnings and Contributions as of 5/31/2009 and 5/31/2017.

Finding # 5: Excessive Trustee Per Diem Payments

Condition:
The JPFA Board authorizes its members to be paid $150.00 each for weekly Board meetings which average 32 minutes. Board members receive additional per diems for attending committee meetings, conferences and luncheons. There are eight (8) Board members.

Criteria:
Under the Trust Indenture, Board members shall serve without compensation, but may receive a "reasonable" per diem.[7] The JPFA Board has authorized per diems of $150.00 per each meeting attended by said member for no more than fifty-two (52) meetings per calendar year.

Cause:
During the audit period, the Board has authorized the payment of per diems for weekly meetings when comparable entities meet monthly. The Board also authorized the payment of per diems when members attend meetings of the advertising and marketing committee, administrative committee, approved conferences, and realtor luncheons.

Exposure:
Board members are compensated an average of $7,550/year through per diems which represent 9% of the JPFA's annual budget. This equates to more than $120,000 during the two-year audit period and is nearly double the per diems paid by other comparable entities.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Reduce the meetings to monthly, absent exigent circumstances, and
2. Evaluate and amend the current policy authorizing payment of extra per diems.

[7] JPFA Trust Indenture, Article VII, Section 11.

Finding # 6: Travel Expenses

Condition:
JPFA expended $9,900 and $8,600 for calendar years 2015 and 2016, respectively, for travel related expenses.[8] The JPOIG identified $911 in questionable travel expenses for FY 2016 below:

- $72 in baggage fees charged to the JPFA AMEX card that were for personal travel of the Executive Director and his wife;
- $40 in AMEX charges for travel expenses that did not have supporting receipts;
- $325 in Board member travel cancellation fees;
- $75 in early airline check-in fees; and
- $399 for in-state car rental expenses for the Executive Director.[9]

Criteria:
The JPFA has a Travel Policy that provides guidelines for the Board to receive reimbursement for the cost of attending conferences and seminars. There is no adopted policy regarding the travel of the Executive Director and staff.

Cause:
The JPFA Board has approved, via resolution, travel expenditures for Board members without adequate policy and internal control procedures. The Executive Director received travel reimbursement without any policy or procedure.

Exposure:
The JPFA is reimbursing for travel expenses under inadequate or non-existent policies and internal control procedures. The JPFA's audited financials show that $9,900 and $8,600 was expended on travel in calendar years 2015 and 2016. The audit indicates that $911 is questionable.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Establish and maintain policies and procedures to provide increased control over travel expenditures and reimbursements. These should include the following:
   a. Specifications of personal travel such as extended stays, preferred routes and airlines, preferred seating, upgrades, and so on.
   b. Specifications on travel advances and the process to follow when airfare and accommodations are booked and paid for in advance.
   c. Monitoring of the JPFA AMEX card expenditures including invoice requirements and approval procedures.
2. Evaluate the Executive Director's receipt of car/cell phone allowance to include:
   a. The amount of the allowance,
   b. A specific allocation of the car allowance from cell phone allowance to ensure accurate calculation of mileage reimbursement, and
   c. Require justification for additional vehicle reimbursement and expenditures.

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[8] JPFA Audited Financial Report 2016 Schedule 4, p. 30
[9] Reimbursement for the rental car was in addition to the monthly car/cell phone allowance paid to Mr. McCarthy under his compensation package. Mr. McCarthy received an annual car allowance of $11,086.

Finding #7: Professional Service Fees

Condition:
The JPFA expended approximately $555,000 for professional services in fiscal years 2015 and 2016. The JPFA:

- Did not engage in efforts to utilize bidding to control costs;
- Failed to execute contracts with all retained professionals; and
- Failed to require detailed invoicing.

Criteria:
Under the Trust Indenture, the JPFA possesses the authority to "[a]ppoint attorneys, paying agencies and corporate trustees in connection with the issuance of" bonds as well as to "[e]mploy a financial advisor, or advisors, to advise and assist the" Board in the marketing of bonds.[10]

In the absence of JPFA policy, the JPOIG turns to state guidelines which mandate that "specific task and item billing must occur under every contract for attorneys even where an attorney is retained by an agency to provide general legal services and advice."[11]

Cause:
The JPFA Board has not implemented adequate policy and internal control procedures for procurement, contracting and invoicing for professional services.

Exposure:
The JPFA expended $555,000 on professional services without proper procurement practices. The JPFA is not properly safeguarding public resources and funds. The JPFA's retention of Special Counsel, Becknell, who is related to General Council, Konrad, necessitated that the JPFA waive a conflict of interest.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Adopt adequate procurement policies and procedures for professional services such as competitive advertisements which includes the scope of work to be performed, the minimum qualifications necessary, and the selection criteria that will be used by the JPFA.
2. Adopt adequate policies and procedures for contracting professional services. Contracts should be sufficiently detailed to describe the services to be performed (scope of work) the final deliverables to be provided, the compensation amounts, and specific requirements for invoicing and timekeeping to support the level of effort expended by the vendor and the final deliverable required.

[10] Guidance from La.R.S.39:1621 indicates "Contracts for consulting services which have a total maximum amount of compensation of fifty thousand dollars or more for a twelve-month period shall be awarded through a request for proposal process under rules and regulations issued by the office of state procurement. Service requirements shall not be artificially divided so as to exempt contracts from the request for proposal process."
[11] La. Administrative Code 47.V.4703(B)(19), Attorney Case Handling Guidelines and Billing Procedures applicable to Louisiana State Government use of outside counsel.

Finding #8: Premium Pricing to Borrowers-SMAP

Condition:
The JPFA advertises the Southern Mortgage Assistance Program (SMAP) as a grant program (that does not have to be re-paid) which provides qualified borrowers with down-payment assistance to purchase a home.[12] The program operates to produce the following results:

- All grants are reimbursed to the JPFA when the loan is sold to the marketplace.
- All borrowers pay a premium interest rate over the life of the loan.
- Borrowers selecting the 4% down-payment assistance grant also pay additional fees over the life of the loan which benefits the JPFA.

Criteria:
The program is advertised as a grant when, in fact, it operates as a loan with premium interest rates compounded over the life of the loan.

Cause:
JPFA advertises the program as a grant. Testing and borrower interviews showed that borrowers believed that the program was a grant and were unaware of the premium interest financing implications.

Exposure:
The JPFA provided down payment assistance "grants" for 350 loans in calendar years 2015 and 2016 at an average amount of $5,000, for an approximate total of $1,750,000. The JPFA did not adequately disclose the premium interest rates that were charged to borrowers. The calculated actual repayment amount at compounded premium interest rates, result in the borrowers paying approximately 4 times the original grant amount over the life of the loan.

Recommendation:
The JPOIG recommends that the JPFA Board develop a process, including:

1. borrower training courses, as utilized in other similar entities,
2. "Exhibit D" disclosure language which clearly expresses the higher interest rate associated with the assistance to the borrower.
3. require participating lenders to explain the premium interest rate and the impact this has over the life of the loan before the borrower signs the disclosure.

[12] The JPFA provides two levels of assistance, a 3% DPA program that is repaid in full when the loan is pooled and sold in the MBS marketplace, and a 4% DPA program, where the JPFA receives 3% when the loan is pooled and sold, and an additional .25% of the remaining loan balance, amortized over the life of the mortgage loan.

Finding #9: Overpaid HOME Fund Service Fees

Condition:
The JPFA retained a total of $6,843 in questioned Federal HOME funds, as follows:

- $1,843 in staff time was not supported.
- $5,000 was paid to the General Counsel who was engaged via a separate monthly retainer.

Criteria:
The JPFA entered into a Cooperative Endeavor Agreement (CEA) with the Parish to administer the HOME Investment Partnership Program (HOME), a federal Department of Housing and Urban Development (HUD) program which provides funds to expand the supply of safe, decent and affordable housing for low-income.[13] Under the CEA, the JPFA agreed to market services for the HUD HOME program and to transfer funds at loan closings for a 10% administration fee paid out of federal grant funds.[14]

Cause:
The JPFA engaged in a CEA for federal grant funds without compliance protocols or policies. An element of these protocols or policies would have included functional time sheets to support administrative fees. As a result, the JPFA also charged $5,000 in legal fees to the grant program for an attorney previously retained.

Exposure:
The initial funds available to the JPFA represents 10% of the overall award ($1,820,996) or $182,100. Of the $8,743 retained by the JPFA, $6,843 (78%) is identified as unsupported for the purposes of the HOME funds grant.

Recommendation:
The JPOIG recommends that the Parish:

1. Recover all funds that were expended and not adequately supported by the JPFA.
2. Implement policies to ensure all CEAs involving the distribution of federal grant funds include specific provisions to document the expenditure of funds in accordance with the terms of the grant.

The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Return all funds to the Parish that are not supported with adequate documentation.
2. Implement policies and procedures to assure an effective compliance plan to govern the management and expenditure of grant funds in accordance with applicable grant terms.

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[13] The CEA was authorized by the Parish Council via Resolution No. 127366, dated 06/22/2016.

[14] JPFA Meeting Minutes 06/13/2016 p. 3-4. The resolution approved by the JPFA Board of Trustees on 06/13/2016, stated "pursuant to the terms of the Agreement, the Authority will earn a ten (10%) percent administrative fee for administering the Program." Additionally, through review of the recorded board meeting minutes, the JPOIG observed that the Executive Director explained to the board that the JPFA would retain the full 10% fee since they voted not to hire the external marketing consultant.

Finding # 10: Agency Financial Position and Future Sustainability

Condition:
The JPFA's Board approved budget for 2017 only covers the operations fund and contained a planned deficit of ($291,560). This has been the case for the three most recent years.

Table # 17	Jefferson Parish Finance Authority				
	2017	**2016**		**2015**	
	Budget	**Actual**	**Budget**	**Actual**	**Budget**
Total Revenue	$451,639	$473,951	$388,426	$516,679	$442,904
Total Admin Expenses	$23,792	$29,033	$29,928	$27,055	$30,422
Total Operating Expenses (excluding accrued leave)	$719,407	$667,698	$750,137	$653,247	$717,430
Grand Total (Revenue-Expenses)	$(291,560)	$(222,780)	$(391,639)	$(163,622)	$(304,948)

JPFA's actual revenue exceeded that budgeted, however, deficits still remained of ($163,622) and ($222,780) for calendar years 2015 and 2016.

Criteria:
Under state law, a governing authority "shall cause to be prepared a comprehensive budget presenting a complete financial plan for each fiscal year."[15] Budgets should account for all anticipated funds including interest earnings and anticipated extraordinary gains, not just operational revenue. Further, deficit budgeting, especially in the quasi-governmental arena, should be accompanied by a fiscal projection and operational plan to address the cost of operations relative to future revenue.

Cause:
The JPFA has utilized the interest earnings, and extraordinary gains on asset sales, which amounted to **$2,986,000** in fiscal year 2016, to supplement the authority's planned deficits. However, the budgets do not reflect this use of funds as they should.[16]

Exposure:
To fund operations, the JPFA Board of Trustees and Executive Management have consistently sold the agency's available bond assets while increasing operational spending. The JPFA has eroded its net financial position from $131,680,000 in FY 2012 to $37,408,000 in FY 2016, a decline of $94,272,000, a 72% decrease in assets. Continued asset reduction may impact JPFA program sustainability.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Develop and adopt a comprehensive annual budget for the JPFA to include all funds under its purview.
2. Develop and adopt a long-term strategic plan for the JPFA's management which includes fiscal stability and operational programs.
3. Implement a monitoring plan to track budget to actual expenditures, and inform the JPFA

15 La.R.S. 39:1305(A), *Budget preparation. See* La.R.S. 39:1302, *Definitons*, "Governing authority" means the body which exercises the legislative functions of the political subdivision. La.R.S. 39:1302(3)(g)-(h) defines "Political subdivision" to include a Housing authority and a Mortgage authority, respectively.

16 JPFA 2016 Audited Financial Report, Schedule 2, page 28 (Total Revenues $3,167,000 less income from program operations 181,000 equals $2,986,000.

Board on a monthly basis.
4. Utilize performance metrics for citizens served, loans closed, time to process, loan delinquency rates, etc.
5. Implement written monthly status reports on the investment pool by fund, and projected interest rate spreads for each bond debt instrument and its related investment asset designated as collateral for that debt.

Finding #11: Questionable Operating Transfers

Condition:
The JPFA transferred $1.397 million, residual funds related to a bond sale, during fiscal year 2016 to augment operating revenues of the JPFA. These funds were moved from a restricted fund to an unrestricted operating fund without any approval from the JPFA Board.

Criteria:
According to generally accepted governmental accounting practices, transfers from restricted funds to unrestricted funds should be subject to adequate internal controls, to include the proper budgetary approvals. Importantly, the JPFA Trust Indenture Article IV, Section 6, provides that a purpose of the trust is to "distribute the residue and remainder of such funds to the Beneficiary of the Trust hereby created." Jefferson Parish is the Beneficiary of the Trust.

Under state law, La.R.S. 39:1310, *Amending the adopted budget*, states that when "there has been a change in operations upon which the original adopted budget was developed, the governing authority shall adopt a budget amendment in an open meeting to reflect such change."[17]

Cause:
The JPFA does not have a specific policy on operating transfers between funds nor is there any evidence of approvals for these transfers. Further, planned operating transfers are not included in the annual budget.

Exposure:
Transfers that result from the sale of previously restricted asset may conflict with provisions of the Trust Indenture. The JPFA does not provide notice to the Trust beneficiary, which is Jefferson Parish, of the sale of Trust assets. Transfers of funds that occur to augment operational revenues circumvent the required budgetary controls over operational expenditures. Finally, these transfers may potentially distort the true financial position of the agency.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture:

1. Establish a policy and procedure for providing notice to Jefferson Parish, the Trust beneficiary, of any anticipated sale of Trust assets.
2. Establish a policy and procedure to guide the budget process, to include anticipated operating transfers.
3. Ensure that all transfers between funds are made upon resolution of the Board.

[17] La.R.S. 39:1310(A), *Budgetary authority and control. See* La.R.S. 39:1302, *Definitons*, "Governing authority" means the body which exercises the legislative functions of the political subdivision. La.R.S. 39:1302(3)(g)-(h) defines "Political subdivision" to include a Housing authority and a Mortgage authority, respectively.

Finding #12: Lack of Self-Governance

Condition:
JPFA selectively behaves as a department of the Parish. The JPFA fails to fully perform as an independent entity with specific fiduciary responsibilities and associated authorities under the Trust Indenture.

Criteria:
The JPFA has an obligation under the terms of the Trust Indenture to do all things required in order to carry out the purposes of the Trust, to include the formation of policies, procedures, protocols budgets. In addition, the JPFA has neglected to fulfill its obligation under its own By-laws to establish necessary policies and procedures.[18]

Cause:
The JPFA has not engaged in self-governance which is supported by adequate policies and procedures of an entity of its size and complexity of operations.

Exposure:
Trust assets are at risk due to the JPFA's failure to establish a strategic direction, develop adequate policies and procedures, and engage in responsible self-governance.

Recommendation:
The JPOIG recommends that the JPFA Board, based upon its authority as set out in the Trust Indenture, sever its inappropriate dependency upon Jefferson Parish government and engage in its own governance structure. *See* Recommendations 1-11.

[18] JPFA By-Laws Section Article VII, *Miscellaneous*, Section 2, *Rules and Regulations*.

Attachment **B**

JPFA Trust Indenture

TRUST

INDENTURE

UNITED STATES OF AMERICA

STATE OF LOUISIANA

PARISH OF JEFFERSON

BE IT KNOWN, that on this 9th day of FEBRUARY, 1979, BEFORE ME, ERNEST H. HANEWINCKEL Notary Public, duly commissioned and qualified in and for the Parish of Jefferson, State of Louisiana, and in the presence of the undersigned witnesses,

PERSONALLY CAME AND APPEARED

VINCENT J. TARAVELLA, JR.
AS SETTLOR, GRANTOR AND TRUSTOR

(hereinafter referred to as "Trustor") who, after being duly sworn, declared and certified unto me, Notary, as follows:

THAT in consideration of the payment by the Trustor to the Trustees of the sum of One Hundred Dollars ($100.00), (said sum of money being held on deposit in the name of the Trust with FIRST NATIONAL BANK OF JEFFERSON PARISH, GRETNA, Louisiana, pending appointment of the Trustees pursuant to Article VII hereof), the mutual covenants herein set forth, and other valuable considerations, the said Trustees agree to hold, manage, invest, assign, convey and distribute as herein provided, authorized and directed, such property, whether immovable or movable, corporeal or incorporeal, as Trustor, or others, may from time to time sell, assign, transfer, lease, convey, give, bequeath, exchange, set over, quit claim, devise or deliver unto this Trust or the Trustees hereof.

TO HAVE AND TO HOLD such property and the proceeds, rents, profits and increases thereof unto said Trustees, and said Trustees' successors and assigns, but nevertheless in trust, for the use and benefit of the Parish of Jefferson, State of Louisiana, as Beneficiary, and upon the following terms and conditions:

ARTICLE I

CREATION OF TRUST

The undersigned Trustor hereby creates and establishes a public trust pursuant to Chapter 2-A of Title 9 of the Louisiana Revised Statutes, as amended (hereinafter referred to as the "Public Trust Law"), for the use and benefit of the Parish of Jefferson, State of Louisiana, (herein sometimes called the "Beneficiary"), to generally provide with respect to housing, mortgage finance and related services, activities, facilities and properties, and to promote and provide for the development of residential housing, whether single or multi-family dwellings, of every type and character in accordance with the needs of the Beneficiary, its agencies and instrumentalities, in order to promote the health, safety, welfare and economic well-being of the inhabitants of the Parish of Jefferson, including specifically, but not limited to, the issuance of its bonds, notes or other obligations to acquire mortgage notes secured by mortgages on single family residences or two to six unit family residences in the Parish of Jefferson, owned by persons of low or moderate income, all as hereinafter provided.

ARTICLE II

NAME OF TRUST

The name of this Trust shall be the "Parish of Jefferson Home Mortgage Authority" (hereinafter referred to as the "Trust"). The Trustees shall conduct all business, perfect all agreements, execute all instruments and otherwise perform the duties and functions required in the execution of this Trust, except those validly delegated by them, as authorized herein.

ARTICLE III

DEFINITIONS

The following words and terms as used in this Trust Indenture shall have the following meanings unless the context or use indicates another or different meaning or intent:

(a) "Act" means the Louisiana Public Trust Law, being Louisiana Revised Statutes Section 9:2341 to 9:2347, inclusive.

(b) "Beneficiary" means the Parish of Jefferson, Louisiana, a political subdivision of the State of Louisiana and any legal successor to such Parish.

(c) "Bonds" means any revenue bonds authorized to be issued pursuant to the Act, and includes notes and any and all other limited obligations payable as provided by the Act and hereunder.

(d) "Parish" means the Parish of Jefferson, Louisiana, the Beneficiary of the Trust.

(e) "Development Costs" means and includes the sum total of all reasonable or necessary costs incidental to the acquisition, construction, reconstruction, rehabilitation, repair, alteration, improvement and extension of a Residential Development, including, without limitation, the following: The cost of studies and surveys; plans and specifications; architectural and engineering services; underwriting fees; legal, accounting, marketing and other special services relating to Residential Development or incurred in connection with the issuance and sale of bonds; necessary application and other fees to federal, state and local government agencies for any requisite approvals for construction, for assisted financing or otherwise; financing, acquisition, demolition, construction, equipment and site development of new and rehabilitated buildings; the relocation of utilities, public ways and parks; the construction of recreational, cultural and commerical facilities; rehabilitation, reconstruction, repair or remodeling of existing buildings and all other necessary and incidental expenses, including trustee and rating agency fees and an initial bond and interest reserve together with interest on bonds issued to finance a Residential Development to a date six months subsequent to the estimated date of completion; any premiums for mortgage insurance or insurance with respect to bonds; and such other expenses as the Trust may deem appropriate to effectuate the purposes of this Trust Indenture and the Act.

(f) "Home" means real property and improvements thereon located within the Parish consisting of not more than six dwelling units, including but not limited to condominium units, owned by one Mortgagor who occupies or intends to occupy one of such units.

(g) "Home Mortgage" means an interest bearing loan to a Mortgagor for the purpose of purchasing or improving a Home, evidenced by a promissory note and secured by a mortgage on such home, but shall not include a loan primarily for the purpose of refinancing an existing loan.

(h) "Lending Institution" means any bank, trust company, savings bank, national banking association, savings and loan association, building and loan association, mortgage banker or other financial institution, or governmental agency which customarily provides service or otherwise aids in the financing of mortgages on single family residential housing or multi-family residential housing located in the Parish or any holding company for any of the foregoing.

(i) "Mortgagor" means a person or persons whose adjusted gross aggregate income, together with the adjusted gross aggregate income of all persons who intend to reside with such person or persons in one dwelling unit, shall not have exceeded $40,000 (or such lesser amount or amounts as shall be deemed by the Trust to be in furtherance of its public purposes) for the immediately preceding taxable year and who has received a Home Mortgage on a Home.

(j) "Person" means any individual, partnership, co-partnership, firm, company, corporation, lending institution, association, joint stock company, trust, estate, political subdivision, state agency or any other legal entity, or its legal representative, agent or assigns, but shall, when used with reference to a Mortgagor or owner of a Home, mean a natural person or a trust for the benefit of such natural person.

(k) "Residential Development" means the acquisition, construction, reconstruction, rehabilitation, repair, alteration, improvement or extension of any land, interest in land, building, structure, facility, system, fixture, improvement, addition, appurtenance, machinery or equipment or any combination thereof, all real and personal property or improvements functionally related and subordinate thereto, substantially for use by or intended to be occupied substantially by persons of low or moderate income for the purpose of decent, safe and sanitary housing, and in connection therewith nonhousing facilities which are an integral part of or functionally related to such residential development not to exceed 20% of the cost of such residential development in accordance with the terms contained in this Trust Indenture. Any such residential development shall be located within the Parish.

(l) "State" means the State of Louisiana.

(m) "Trust" means the Parish of Jefferson Home Mortgage Authority.

(n) "Trust Estate" means the moneys, assets and other property described in Article VI hereof.

(o) "Trust Indenture" means this Trust Indenture, dated February 9, 1979, creating the Trust.

ARTICLE IV

PURPOSES OF TRUST

The purposes of the Trust are:

(1) To provide a means of financing the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the Parish at prices they can afford, with the result that such residential ownership and development will (l) provide for and promote the public health, safety, morals, and welfare; (b) relieve conditions of unemployment and encourage the increase of industry and commerial activity and economic development so as to reduce the evils attendant upon unemployment; (c) provide for efficient and well-planned urban growth and development including the elimination and prevention of potential urban blight and the proper coordination of industrial facilities with public services, mass transportation and safe and sanitary housing which they can afford; (e) promote the integration of families of varying economic means; and (f) preserve and increase the Parish's ad valorem tax base; and the foregoing are hereby determined and declared to be public purposes and functions pertaining to the government and affairs of the Parish.

(2) To expand the supply of funds in the Parish available for Home Mortgages, and, thereby, to promote the welfare of the residents and stimulate the economy of the Parish;

(3) To provide additional housing for persons of low and moderate income needed to remedy the shortage of adequate housing for such persons in the Parish and to reduce the large number of substandard dwellings in the Parish;

(4) To secure effective participation in the Trust's program by Lending Institutions on terms which restrict their financial return and benefit to that necessary and reasonable to induce such participation;

(5) To obtain funds for the cost of financing, acquiring, constructing, purchasing, equipping, maintaining, repairing, improving, extending, enlarging, remodeling, operating and administering of any or all of the aforesaid facilities and services, and all properties useful,

necessary or appropriate for executing and fulfilling the Trust purposes as set forth herein and all other charges, costs, and expenses incurred in connection therewith and in so doing, to incur indebtedness, either unsecured or secured by all or any part of the assets and revenues of the Trust, in accordance with the provisions of the Act and this Trust Indenture.

(6) To expend all funds coming into the hands of the Trustees as revenue or otherwise for the payment of any indebtedness incurred by the Trustees on behalf of the Trust, and in the payment of the aforesaid costs and expenses, and in payment of any other obligation properly chargeable against the Trust's assets or attributable to its operations, and to distribute the residue and remainder of such funds to the Beneficiary of the Trust hereby created.

ARTICLE V

DURATION OF TRUST

This Trust shall exist and have as its term the term of duration of the Beneficiary, and until such time as any outstanding debt of the Trust has been discharged or its purpose shall have been fulfilled, or until it shall be terminated as hereinafter provided.

ARTICLE VI

THE TRUST ESTATE

The Trust Estate shall consist of:

(1) The funds and property presently in the hands of the Trustees and dedicated by the Trustor or others to be used for trust purposes, and any property or other thing of value acquired or constructed by Trustees or designated a part of the Trust by any person having such power.

(2) Any and all money, property, contracts, leases, licenses, franchises, benefits and all other things of value coming into the possession of the Trustees in whatsoever manner pursuant to, or in furtherance of, the provisions of this Trust Indenture.

(3) Any and all leasehold or other rights demised to the Trustees by the Beneficiary (or by other persons or governmental agencies or subdivisions) as authorized and empowered by law.

(4) The sum of One Hundred Dollars ($100.00) placed on deposit to the credit of the Trust simultaneously upon the execution of this Agreement.

ARTICLE VII

THE TRUSTEES

(1) The Trustees who shall constitute the Board of Trustees of the Trust shall number seven, and shall be appointed by the governing body of the Parish. In the event of the resignation of, or the expiration of the term of office of, any Trustee or Trustees, said Trustee or Trustees shall continue to serve in such capacity until such time as their successor or successors shall have been duly elected and qualified as provided for hereinbelow. All Trustees shall serve for a term of three (3) years commencing with the date of their appointment by the governing authority of the Parish.

(2) In the event of the removal of any Trustee through death, disability, resignation or otherwise, or in the event that the governing body of the Parish should increase the number of Trustees by amendment hereto in accordance with the Act, then in either such case, the governing body of the Parish shall appoint the successor or additional Trustees to the Board of Trustees in accordance with the provisions of the Act.

(3) The Trustees shall make and adopt by-laws for the due and orderly administration and regulation of the affairs of the Trust, and shall submit such proposed bylaws and any amendments thereto to the governing authority of the Beneficiary for approval in accordance with the Act.

(4) The Trustees shall, from time to time as they deem appropriate and in the interests of the Trust, select from among their number a Chairman and a Vice-Chairman and shall so select or employ a Secretary, Treasurer or Secretary-Treasurer and such other officers as may be deemed necessary by the Trustees for the proper and efficient administration of the Trust. The Chairman shall preside at all meetings of the Trustees and perform such other duties as may be designated to him by the Trustees. The Vice-Chairman of the Trustees shall preside in the event of absence of the Chairman, and perform all duties designated to be performed by the Chairman in his absence or incapacity, and also those duties as may be designated to him by the Trustees. The Secretary

shall keep minutes of all meetings of the Trustees and shall maintain complete and accurate records of all their financial transactions, and cause all such minutes, books and records to be filed in the office of the Trust.

(5) The Trustees shall designate the time and place of all regular meetings. All actions by the Trustees pursuant to the provisions of this Trust Indenture shall be approved by the affirmative vote of at least a majority of the Trustees qualified to act as such under the provisions of this Trust Indenture. Ministerial and clerical actions of committees, individuals, Trustees, officers, agents and employees need not be approved if generally authorized by delegation or implication by or from valid action of the Trustees.

(6) All meetings of the Trustees shall be open to the public, and the books, records and minutes of the Trustees shall be considered as public records and available for inspection by the governing authority of the Parish. In accordance with the provisions of the Act, the Trust shall by subject to the Public Contracts Law, Public Records Law, Public Meetings law, Code of Ethics and the Bond Validation Procedures Law.

(7) The Trustees are authorized to contract, in connection with the incurring of any funded indebtedness secured by the Trust Estate or its revenues, or any part of either or both, that in the event of a default in the fulfillment of any contract obligation undertaken on behalf of the Trust Estate or in the payment of any indebtedness incurred on behalf of the Trust Estate, then in such event, a Temporary Trust or Trustees shall be appointed to succeed to the rights, powers and duties of the Trustees then in office. Any such contract, if made, shall set out the terms and conditions under which such Temporary Trustee or Trustees shall be appointed to operate the Trust Estate, shall provide for the compensation to be paid to said Temporary Trustees and shall provide that their appointment shall be vacated and permanent Trustees automatically reinstated upon termination of all defaults by which their appointment was authorized.

(8) No Bonds or other evidence of indebtedness issued or to be issued by the Trustees shall constitute an indebtedness of the State of

Louisiana or of the Beneficiary but shall instead constitute obligations payable solely from the Trust Estate. No such debt shall be deemed a personal obligation of any of the Trustees of the Trust or of any officer, employee or agent of the Trust or of any Trustees acting in his or their individual official capacity.

(9) The Trustees, individually and collectively, the State of Louisiana, the Parish of Jefferson, and all agents, officers and employees of the above shall not be charged personally with any liability whatsoever by reason of any act or omission committed or suffered in the exercise of their official duties or responsiblities on behalf of the Trust or in the operation of the Trust Estate, or for any action or omission taken or suffered by any such person in the reasonable belief that it was done or omitted in the best interests of the Trust, but any liability for any such act, omission or obligation shall extend only to the whole of the Trust Estate or so much thereof as may be necessary to discharge such liability or obligation. Any Trustee, officer, agent or employee, or group of them, collectively or individually, shall be furnished legal counsel, and costs, including cost of investigators and expert witnesses, by the Trust and from Trust funds in any official proceeding, judicial, legislative or administrative, in which an adverse determination or action might result against such person or persons for an action or omission done or suffered in the discharge of such person's responsibilities or duties on behalf of the Trust, or which such person reasonably or in good faith believed to be in the best interests of the Trust; and in any such circumstances, the Trust shall indemnify the adversely affected Trustees, agents, officers, employees, or any of them, for any costs or liabilities imposed upon them. This indemnification shall not extend to situations in which any such person or persons were guilty of bad faith or gross negligence in the discharge of such duties and responsibilities.

(10) Notwithstanding any other provisions of this Trust Indenture, no Trustee, officer, agent or employee, or group of them, shall have the power or authority to bind or obligate any other such person or persons individually, or the Parish of Jefferson, or the

State of Louisiana, nor can the Beneficiary so bind or obligate the Trust or any such person or entity.

(11) The Trustees shall serve without compensation, but may receive a reasonable per diem as may be determined by the Trustees and may be reimbursed for actual expenses incurred in the performance of their duties as Trustees.

(12) The Trustees shall provide for an annual, independent audit of the Trust by a certified public accountant, which audit shall be subject to the authority of the Legislative Auditor of the State of Louisiana to prescribe and approve the terms and conditions of such audit as set forth in La. R.S. 24:513 (A).

ARTICLE VIII

POWERS AND DUTIES OF THE TRUSTEES

To accomplish the purposes of the Trust, and subject to the provisions and limitations otherwise provided in this Trust Indenture, the Trustees shall have, in addition to the usual powers incident to their office and the powers granted to them in other parts of this Trust Indenture and in the Act, the following rights, powers, duties, authority, discretion and privileges, all of which may be exercised by them without any order or authority from any court, governmental body or agency:

(1) To appoint a general manager or administrator for the Trust Estate, and to employ such other clerical, professional, legal and technical assistance including, but not limited to, accountants, attorneys and financial and fiscal advisors and agents, as they may deem necessary to properly operate the business of the Trust Estate, and to fix their duties, terms of employment and compensation. In the event a general manager for the Trust Estate is appointed by the Trustees, the said general manager shall administer the business of the Trust Estate as directed from time to time by the Trustees.

(2) To enter into contracts for the acquisition and disposition of equipment and supplies and construction of necessary facilities authorized to be acquired and constructed pursuant to the terms of this Trust Indenture and in compliance herewith.

(3) To enter into contracts for the sale of Bonds of the Trust for any authorized purpose of the Trust pursuant to the terms of this Trust Indenture and for that purpose to:

(a) Employ a financial advisor, or advisors, to advise and assist the Trustees in the marketing of such Bonds and to present financial plans for the financing of each project, and to recommend to, or consult with, the Trustees concerning the terms and provisions of bond indentures and bond issues, and to pay appropriate compensation for such work and services performed in the furtherance of the purposes of the Trust.

(b) Sell all Bonds of the Trust in installments or series and on such terms and conditions and in such manner as permitted by the Act and as the Trustees shall deem to be in the best interest of the Trust; and,

(c) Appoint attorneys, paying agencies and corporate trustees in connection with the issuance of any such Bonds of the Trust.

(4) To enter into and execute agreements in order to purchase, exchange, lease, or otherwise acquire property, tangible or intangible, real, personal or mixed; to enter into or accept contracts, leases, rights, privileges, benefits, choses in action, or other things of value; and to pay for the same in cash, with the proceeds of Bonds or other evidences of indebtedness or otherwise.

(5) Subject to the provisions of the Act, to make and change investments; to lease, improve, exchange or sell at public or private sale, upon such terms as they deem proper and to resell, at any time and as often as they deem advisable, any or all the property of the Trust, to borrow money, or renew loans to the Trust, to refund outstanding bonded indebtedness and to execute therefor evidences of indebtedness, and to secure the same by mortgage, lien, pledge or otherwise; to purchase property from any person, firm or corporation, and lease land and other property to and from the Beneficiary and others and construct, improve, repair, extend, remodel and equip buildings and other facilities thereon and to operate the same, or lease or rent the same to individuals, partnerships, associations, corporations and others, including, but not limited to the United States of America, the State of Louisiana or the Parish of Jefferson and agencies or authorities in this Trust Indenture, and procure funds necessary for any such purpose by the sale of Bonds unsecured or secured by the mortgage, lien, pledge or other hypothecation

or encumbrance of such property as may be owned, leased or otherwise controlled by the Trustees, as well as any rentals, income, receipts and profits therefrom, or from any other revenues associated with the ownership, operation or control of the property of the Trust; and to lease or sublease any property of the Trust or of which the Trustees may become the owners or lessees or have any other interest therein.

(6) To fix, demand and collect charges, rentals and fees for the services and facilities of the Trust and to discontinue furnishing of services and facilities to any Person delinquent in the payment of any indebtedness to or on behalf of the Trust or for other good cause as determined by the Trustees; to purchase and sell such supplies, goods and commodities as are incident to the operation of its properties.

(7) To make and perform contracts of every kind, including management contracts, and to delegate such discretionary or nondiscretionary duties and authority to any persons or entities as they deem appropriate with any Person; and to the full extent permitted by the Act, and without limit as to amount, to draw, make, accept, endorse, assume, guarantee, account, execute and issue promissory notes, drafts, bills of exchange, acceptances, warranties, bonds, debentures, and other negotiable or non-negotiable instruments, obligations and evidences of unsecured indebtedness, or of indebtedness secured by mortgage, deed of trust or otherwise upon any or all property or income of the Trust, in the same manner and to the same extent as a natural person might or could do to collect and receive any property money, rents, or income of any sort and distribute the same or any portion thereof for the furtherance of the authorized purposes of the Trust set out herein.

(8) To do all other acts in their judgment necessary or desirable for the proper and advantageous management, investment and distribution of the Trust Estate and income therefrom.

(9) The whole title, legal and equitable, to the properties of the Trust is and shall be vested in the Trustees, as such title in the Trustees is necessary for the due execution of this Trust. Said Trustees shall have and exercise exclusive management and control of the properties of the Trust Estate for the use and benefit of the

Beneficiary; and may, but need not, request prior approval or subsequent ratification of any or all of its actions and transactions from the governing body of the Beneficiary.

(10) The Trustees may contract for the furnishing of any services or the performance of any duties that they may deem necessary or proper and pay for the same as they see fit. The Trustees may select depositories for the funds and securities of this Trust.

(11) The Trustees may compromise any debts or claims of or against the Trust Estate, and may adjust any dispute in relation to such debts or claims by arbitration or otherwise and may pay any debts or claims against the Trust Estate upon any evidence deemed by the Trustees to be sufficient. The Trustees may bring any suit or action which in their judgment is necessary or proper to protect the interests of the Trust, or to enforce any claim, demand or contract for the Trust; and they shall defend, in their discretion, any suit against the Trust, or against the Trustees, employees, agents or servants thereof. The Trustees may compromise and settle any suit or action and discharge the same out of assets of the Trust Estate, together with court costs and attorneys' fees. All such expenditures shall be treated as expenses of executing this Trust.

(12) No purchaser at any sale or lessee under a lease made by the Trustees shall be bound to inquire into the expediency, propriety, validity or necessity of such sale or lease or to see or be liable for the application of the purchase or rental moneys arising therefrom.

ARTICLE IX

ADDITIONAL POWERS

In addition to powers which the Trust may now have pursuant to the Act or otherwise, the Trust shall have all powers necessary to accomplish the purposes of this Trust Indenture including, but not limited to, the following:

(1) Residential Development The Trust shall have the power to plan, conduct research, study, develop and promote the establishment of Residential Development.

(2) Home Mortgages- The Trust shall have the power:

(a) to acquire, contract and enter into advance commitments to acquire, Home Mortgages owned by Lending Institutions at such purchase prices and upon such other terms and conditions as shall be determined by the Trust or such other person as it designate as its agent, to make and execute contracts with Lending Institutic for the origination and servicing of Home Mortgages and to pay the reasonable value of services rendered under those contracts.

(b) To make loans to Lending Institutions under terms and conditions which, in addition to their provisions as determined by the Trust, shall require the Lending Institutions to use substantial all of the net proceeds thereof, directly or indirectly, for the making of Home Mortgages in an aggregate Principal amount substantially equal to the amount of such net proceeds.

(c) To establish, by rules or regulations, in resolutions or ordinances relating to any issuance of Bonds or in any financing documents relating to such issuance, such standards and requirements applicable to the purchase of Home Mortgages or the making of loans to Lending Institutions as the Trust deems necessary or desirable, including but not limited to: (i) the time within which Lending Institutions must make commitments and disbursements for Home Mortgages, (ii) the location and other characteristics of Homes to be financed by Home Mortgages; (iii) the terms and conditions of Home Mortgages to be acquired; (iv) the amounts and types of insurance coverage required on Homes, Home Mortgages and Bonds; (v) the representations and warranties of Lending Institutions; (vi) the type and amount of collateral security to be provided to assure repayment of any loans from the Trust and to assure repayment of Bonds; and (vii) any other matters related to the purchase of Home Mortgages or the making of loans to Lending Institutions as shall be deemed relevant by the Trust; provided, however, that in no such case shall any such lending institution charge and retain an origination fee in excess of 3% of the principal amount of any such Home Mortgage; and, further provided, that all such Home Mortgages shall bear a stated interest rate which, as of the business day immediately preceding the date of execution of a contract for the sale of the related Bonds, is (a) at least 1-1/2% less than the stated interest rate being charged as of such day by such Lending Institution for its 95% loan-to-value mortgage loans (computed on a weighted average basis) or (b) if such Lending Institution does not regular offer 95% loan-to-value mortgage loans, at least 1% less than the stated interest rate being charged as of such day by such Lending Institution for its 80% loan-to-value mortgage loans (computed on a weighted average basis if such Lending Institution has more than one such rate).

(d) To require from each Lending Institution from which Home Mortgages are purchased or to which loans are made the submission, at the time of such purchase or loan, of evidence satisfactory to the Trust of the ability and intention of such Lending Institution to make Home Mortgages, and the submission, within the time specified by the Trust for making disbursements for Home Mortgages, of evidence satisfactory to the Trust of the making of Home Mortgages and of compliance with any standards and requirements established by the Trust; in connection therewith, the Trust may inspect the books and records of such Lending Institutions.

(3) Bonds - The Trust shall have the power:

(a) To issue Bonds in accordance with the Act to defray, in whole or in part, the Development Costs of any Residential Development; to issue its Bonds to defray, in whole on in part, the costs of purchasing, or funding the making of, Home Mortgages including, but not limited to, the costs of studies and surveys, insurance premiums, underwriting fees, legal, accounting and marketing services incurred in connection with the issuance and sale of such Bonds, including bond and interest reserve accounts and trustee, custodian and rating agency fees; and to designate appropriate names for such bonds. The Trust need not acquire or hold title to or any interest in a Residential Development or Home Mortgage.

(b) To rent, lease, sell or otherwise dispose of any residential Development or Home Mortgages, in whole or in part, or to loan sufficient funds to any Person to defray, in whole or in part, the Development Costs of any Residential Development or the costs of purchasing Home Mortgages, so that the rents or other revenues to be derived with respect to the Residential Development or Home Mortgages, together with any insurance proceeds, reserve accounts and earnings thereon shall be designed to produce revenues and receipts at least sufficient to provide for the prompt payment at maturity of principal, interest and redemption premiums, if any, upon all Bonds issued to finance such costs.

(c) To pledge any revenues and receipts to be received from any Residential Development or Home Mortgages to the punctual payment of Bonds authorized under this Trust Indenture and the Act, and the interest and redemption premiums, if any, thereon.

(d) To mortgage, pledge or grant security interests in any Residential Development, Home Mortgages, notes or other property in favor of the holder or holders of Bonds issued therefor.

(e) To sell and convey any Residential Development or Home Mortgages, including, without limitation, the sale and conveyance thereof subject to a mortgage, pledge or security interest, if any, as provided in the resolution or ordinance relating to the issuance of the Bonds for such prices and at such times as the governing body of the Trust may determine.

(f) To issue its Bonds in accordance with the Act to refund in whole or in part at any time Bonds theretofore issued by the Trust under authority of this Trust Indenture and the Act.

(g) To apply for and accept on its own behalf or on behalf of any person, advances, loans, grants, contributions, guarantees, rent supplements, mortgage assistance and any other form of financial assistance from the federal government, the State, any parish or municipality, or any other public or quasi-public body, corporation or foundation, or from any other source, public or private, including any Person, for any of the purposes of this Trust Indenture, and to include in any contract for financial assistance such conditions as it may deem reasonable and appropriate and which are not inconsistent with the purposes of this Trust Indenture.

(h) To make and execute contracts and other instruments necessary or convenient to the exercise of any of the powers granted herein.

(i) To issue Bonds in accordance with the Act and this Trust Indenture provided they receive at least an "A" rating from one of the nationally recognized rating agencies.

(4) Non-Discrimination - No Lending Institution undertaking transactions contemplated by this Trust Indenture shall discriminate against any person on the basis of race, color, religion, sex, creed, ancestry, national origin, or physical or mental handicap in connection with such transactions.

ARTICLE X

BONDS OF THE TRUST

(1) The Trust shall have the power and is hereby authorized from time to time to issue its Bonds in conformity with the Act and any other applicable law of the State in such principal amounts as, in the opinion of the Trust, shall be necessary to provide sufficient funds for achieving the corporate purposes thereof, the payment of interest on Bonds of the Trust, establishment of reserves to secure the Bonds, and all other expenditures of the Trust incident to and necessary or convenient to carry out its corporate purposes and powers.

(2) Bonds of the Trust shall be negotiable instruments, and shall be solely the obligations of the Trust and not of the State of Louisiana or the Parish of Jefferson. The Bonds shall be payable out of the income, revenues and receipts derived or to be derived from the Trust properties and facilities maintained and operated by the Trust or received by the Trust from any other sources whatsoever, including, but not by way of limitation, other monies which, by law or contract, may be made available to the Trust. In addition to the pledge of income, revenues or receipts to secure said Bonds, the trust may further secure their payment by a conventional mortgage upon any or all of the properties constructed or acquired or to be constructed or acquired by it. Such Bonds shall be authorized and issued by resolution

adopted by a two-thirds vote of the Trustees of the Trust and shall be of such series, bear such date or dates, mature at such time or times, bear interest at such rate or rates not exceeding the maximum rate provided by the Act, be in such denominations, be in such form, either coupon or fully registered without coupons, carry such registration and exchangeability privileges, be payable at such place or places, be subject to such terms of redemption and be entitled to such priorities on the income, revenues and receipts of the Trust as such resolution may provide. The Bonds shall be signed by such officers as the Trust shall determine and one of such signatures may be facsimile. Coupon bonds shall have attached thereto interest coupons bearing the facsimile signatures of such officer or officers as the Trust shall designate. Any such Bonds may be issued and delivered, notwithstanding that one or more of the officers signing such Bonds or the officer or officers whose facsimile signature or signatures may be on the coupons shall have ceased to be such officer or officers at the time such Bonds shall actually have been delivered. Such Bonds may be sold in such manner and from time to time as may be determined by the Trust to be most beneficial and the Trust may pay all expenses and commissions which it may deem necessary or advantageous in connection with the issuance and sale thereof.

(3) Any resolution authorizing the issuance of Bonds of the Trust may contain covenants as to (a) the use and disposition of the revenues and receipts from any Residential Development or Home Mortgages for which the Bonds are to be issued, including the creation and maintenance of reserves; (b) the issuance of other or additional bonds relating to any Residential Development or any rehabilitation, improvements; renovations, enlargements or additions thereto; (c) the maintenance and repair of such Residential Development or any Homes; (d) the insurance to be carried on any Residential Development, Home, Home Mortgage or Bonds and the use and disposition of insurance moneys; (e) the appointment of one or more banks or trust companies within or outside the State of Louisiana, having the necessary trust powers, as trustee and/or custodian for the benefit of the bondholders, paying agent or bond registrar; (f) the investment of any funds held by such

trustee or custodian; (g) the maximum interest rate payable on any Home Mortgage; and (h) the terms and conditions upon which the holders of the Bonds or any portion thereof or any trustees therefor, are entitled to the appointment of a receiver by a court of competent jurisdiction, and said terms and conditions may provide that the receiver may enter and take possession of the Residential Development or Home Mortgages, or any part thereto, and maintain, lease, sell or otherwise dispose of such development or mortgages, prescribe rentals or other payments and collect, receive and apply all income and revenues thereafter arising therefrom. Any resolution authorizing the issuance of Bonds may provide that the principal of and interest on any Bonds issued shall be secured by a mortgage, pledge, security interest, insurance agreement or indenture of trust covering such Residential Development or Home Mortgages for which the Bonds are issued and may include any improvements or extensions thereafter made. Such mortgage, pledge, security interest, insurance agreement or indenture of trust may contain such covenants and agreements to properly safeguard the Bonds as may be provided for in the resolution authorizing such Bonds and shall be executed in the manner as may be provided for in the resolution. The provisions of any such resolution and any such mortgage, pledge security interest or indenture of trust shall constitute a contract with the holder or holders of the Bonds and continue in effect until the principal of, the interest on, and the redemption premiums, if any, on the Bonds so issued have been fully paid or provision made therefor, and the duties of the Trust and its corporate authorities and officers under this Trust Indenture and any such resolution and any such mortgage, pledge, security interest or indenture of trust shall be enforceable as provided therein by any bondholder by mandamus, foreclosure of any such mortgage, pledge, security interest or indenture of trust or other appropriate suit, action or proceeding in any court of competent jurisdiction; provided the resolution or any mortgage, pledge, security interest or indenture of trust under which the Bonds are issued may provide that all such remedies and rights to enforcement may be vested in a trustee (with full power of appointment) for the benefit of all the bondholders which trustee shall be subject to the control of such number of holders or owners of any outstanding Bonds as provided therein.

(4) Bonds of the Trust may be secured by a pledge of or lien upon the revenues and receipts derived from the Residential Development or Home Mortgages or from any notes or other obligations of Lending Institutions with respect to which the Bonds have been issued, and the governing body may provide in the resolution authorizing such Bonds for the issuance of additional bonds to be equally and ratably secured by a lien upon such revenues and receipts or may provide that the lien upon such revenues and receipts is subordinate.

ARTICLE XI

BENEFICIARY OF TRUST

(1) The Beneficiary of this Trust shall be the Parish of Jefferson, State of Louisiana. Trustor now declares that this Trust Indenture shall be irrevocable from the moment it is signed by him and accepted by the Beneficiary, and the Trustor shall not at any time alter, amend, revise, modify, revoke or terminate any of the provisions of this Trust Indenture, except this Trust Indenture may be supplemented or amended from time to time in accordance with the Act.

(2) The Beneficiary shall have no legal title, claim or right to the Trust Estate, its income, or to any part thereof, or to demand or require any partition or distribution thereof. Neither shall the Beneficiary have any authority, power or right whatsoever to transact any business for, or on behalf of, or binding upon the Trustees or upon the Trust Estate, nor the right to control or direct the actions of the Trustees except to the extent herein provided. The Beneficiary shall be entitled solely to the benefits of this Trust, as administered by the Trustees hereunder, and at the termination of the Trust, as provided herein, and then only, the Beneficiary shall receive the residue of the Trust Estate.

(3) The Beneficiary shall incur no liability whatsoever for any Bonds or indebtedness of any type whatsoever of the Trust; neither shall it have any liability for the costs incurred in the operation of the Trust, nor for any actions or omissions of the Trustees or

others representing the Trust. All indebtedness and obligations of the Trust and all operating costs of the Trust shall be payable solely from the Trust Estate and the revenues thereof.

ARTICLE XII

TERMINATION OF TRUST

This Trust shall terminate:

(1) When the purposes set out in this instrument shall have been fully executed; or,

(2) In the manner provided by the Louisiana Public Trust Law. Provided, however, that neither this Trust, nor the acceptance by the Beneficiary of the beneficial interest therein, shall be terminated if there are outstanding any Bonds or contractual obligations chargeable against the Trust or the Trust Estate.

Upon the termination of this Trust, the Trustees shall proceed to wind up the affairs of this Trust, and after payment of all debts, expenses and obligations out of the moneys and properties of the Trust Estate to the extent thereof, shall distribute the residue of the money and properties of the Trust Estate to the Beneficiary hereunder. Upon final distribution, the powers, duties and authority of the Trustees hereunder shall cease.

ARTICLE XIII

PARTIAL INVALIDITY

The invalidity or ineffectiveness for any reason of any one or more words, phrases, clauses, paragraphs, Articles or subsections of this instrument shall not affect the remaining portion hereof so long as such remaining portion shall constitute a rational instrument. In the event of such partial invalidity or ineffectiveness, this instrument shall be construed, consistent with its basic purposes, as if such invalid or ineffective portion had not been inserted herein.

ARTICLE XIV

ACCEPTANCE BY TRUSTEES

The Trustees, subsequent to appointment by the governing body of the Parish, shall accept the Trust herein created and provided for, and agree to carry out the provisions of this Trust Indenture on their part to be performed.

IN WITNESS WHEREOF, the Trustor has hereunto set his hand on the day and year hereinabove first written in the presence of me, Notary, and of the undersigned witnesses.

By: [signature]
AS "TRUSTOR"

WITNESSES:

[signature]

[signature]

NOTARY PUBLIC

* * * *

ACCEPTANCE OF BENEFICIAL INTEREST

On this 9th day of February, 1979, pursuant to Ordinance No. 13764 duly adopted on February 7, 1979, by the Council of the Parish of Jefferson, State of Louisiana (the "Parish"), acting as the gov authority of said Parish, the said Council hereby accepts for and on behalf of said Parish the beneficial interest in the Trust created by the foregoing Trust Indenture in accordance with the terms of said Trust Indenture.

PARISH OF JEFFERSON, STATE OF LOUISIANA

BY: Dolores H. Gonzales
Parish Clerk

BY: [signature]
Council Chairman

THE FOREGOING IS CERTIFIED
TO BE A TRUE AND CORRECT COPY

ALTON L. BOURG
SECRETARY, PARISH OF JEFFERSON
HOME MORTGAGE AUTHORITY

Attachment C

JPFA Bylaws

BY-LAWS

OF

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

ARTICLE I

OFFICE - REGISTERED AGENT

SECTION 1. Office; Registered Agent. The Parish of Jefferson Home Mortgage Authority (the "Trust") shall have and continuously maintain an office in the Parish of Jefferson, Louisiana, and the resident agent upon whom service of process can be made shall be the Chairman of the Board of Trustees of the Public Trust.

ARTICLE II

RIGHTS AND LIABILITIES OF TRUSTEES

SECTION 1. Property Interest of Trustees. No Trustees of the Trust shall have any right, title or interest in or to any property or assets of the Trust either prior to or at the time of liquidation or dissolution of the Trust, all of which properties and assets shall at the time of any liquidation or dissolution vest in the Parish of Jefferson, Louisiana, as provided in the Trust Indenture dated February 9 1979, pursuant to which the Trust was created.

SECTION 2. Non-Liability for Debts. The private property of the Trustees shall be exempt from execution or other liability for any debts of the Trust and no Trustee shall be liable or responsible for any debts or liabilities of the Trust. The liabilities of the Trustee shall be as specifically set forth in Article VII (9) of the Trust Indenture dated February 9, 1979 (the "Trust Indenture"), pursuant to which the Trust was created.

ARTICLE III

SECTION 1. General Powers. The business and affairs of the Trust shall be managed by a Board of seven (7) Trustees which shall exercise all of the powers of the Public Trust.

SECTION 2. Compensation. The compensation of the Trustees is provided in Article VII (11) of the Trust Indenture.

ARTICLE IV

SECTION 1. Regular Meetings. The regular meetings of the Board of Trustees shall be held on Monday of each week at offices in the New Courthouse Building, Gretna, Louisiana and in the Jefferson Parish Office Building, 3330 Causeway Blvd., Parish of Jefferson, Louisiana.

SECTION 2. Special Meetings. Special meetings of the Board of Trustees may be called by the Chairman or by any Trustee, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or the Trustee calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Trustees Meeting. Written notice of the time and place of the regular meeting and the time, place and purpose of any special meeting of the Board of Trustees shall be delivered to each Trustee not less than twenty-four hours previous thereto either personally or by mail by or at the direction of the Secretary, by the Chairman or the Trustee calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Trustee at his address as it appears on the records of the Public Trust with postage thereon prepaid.

SECTION 4. Quorum. A majority of the members of the Board of Trustees shall constitute a quorum, provided that if less than such majority of the

Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Trustee of the time and place of such adjourned meeting. The act of a majority of the members of the Board of Trustees shall be the act of the Board of Trustees.

SECTION 5. Action Without a Meeting. Any action required by law to be taken at a meeting of the Trustees, or any action which may be taken at a meeting of the Trustees, may be taken without a meeting if a consent in writing, setting forth action so taken, shall be signed by all of the Trustees and filed with the minutes of the proceedings of the Board of Trustees.

ARTICLE V

OFFICERS

SECTION 1. Number. The officers of the Board of Trustees shall be a Chairman, Vice-Chairman, Secretary and Treasurer, who shall be members of the Board of Trustees, and such other officers as may be designated by the Board of Trustees from time to time to perform such duties as may be designated by the Board of Trustees.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot annually by the Board of Trustees. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the next regular meeting of the members or until his successor shall have been elected. Except as otherwise provided in these By-Laws the vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees. Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Trust will be served thereby.

SECTION 4. Chairman. The Chairman shall:

(a) be the principal executive officer of the Trust, and unless otherwise determined by the members of the Board of Trustees shall preside at all meetings of the members of the Board of Trustees;

(b) may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Trustees to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Trustees or by these By-Laws to some other officer or agent of the Trust, or shall be required by law to be otherwise signed or executed; and

(c) in general perform all duties incident to the office of the Chairman and such other duties as may be prescribed by the Board of Trustees from time to time.

SECTION 5. Vice-Chairman. In the absence of the Chairman or in the event of his inability or refusal to act, the Vice-Chairman shall perform the duties of the Chairman, and who so acting shall have the powers of and be subject to all the restrictions upon the Chairman. The Vice-Chairman shall also perform such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 6. Secretary. The Secretary shall:

(a) keep the minutes of the meetings of the members and of the Board of Trustees in one or more books provided for that purpose;

(b) see that all notices are duly given in accordance with these By-Laws or as required by law;

(c) be custodian of the corporate records and of the seal of the Trust, and affix the seal of the Trust to documents, the execution of which on behalf of the Trust under its seal is duly authorized in accordance with the provisions of these By-Laws;

(d) keep a register of the names and post office addresses of all Trustees;

(e) have general charge of the books of the Trust;

(f) keep on file at all times a complete copy of the Trust Indenture and By-Laws of the Trust containing all amendments thereto (which copy shall always be open to the inspection of any Trustee), and at the expense of the Trust forward a copy of the By-Laws and of all amendments thereto to each Trustee;

(g) in general, perform all the duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 7. Treasurer. The Treasurer shall:

(a) have charge and custody of and be responsible for all funds and securities of the Trust;

(b) be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Trust and for the deposit of all such monies in the name of the Trust in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; and

(c) in general, perform all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to him by the Board of Trustees.

SECTION 8. Bonds of Trustees. The Treasurer and any other officer or agent of the Trust charged with the responsibility for the custody of any of its funds or property shall give bond in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent, or employee of the Trust to give bond in such amount and with such surety as it shall determine.

SECTION 9. Compensation. The powers, duties and comepnsation, if any, of officers, agents and employees shall be fixed by the Board of Trustees, subject to the provisions of these By-Laws with respect to compensation for Trustees.

ARTICLE VI

FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these By-Laws and in the Trust Indenture, the Board of Trustees may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Trust, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Trust shall be signed by such officers, agent or agents, employee or employees of the Trust and in such manner as shall from time to time be determined by resolution of the Board of Trustees.

SECTION 3. Deposits. All funds of the Trust shall be deposited from time to time to the credit of the Trust in such bank or banks as the Board of Trustees may select.

SECTION 4. Fiscal Year. The fiscal year of the Trust shall begin on the first day of each and every year and shall end on the last day of December of each and every eyar.

SECTION 5. Annual Audit. The Trust shall provide for an annual financial audit of the affairs of the Trust.

ARTICLE VII

MISCELLANEOUS

SECTION 1. Waiver of Notice. Any Trustee may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a Trustee at any meeting by such Trustee, except in case a Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened, shall constitute a waiver of notice.

SECTION 2. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations not inconsistent with law, the Trust Indenture, or these By-Laws, as it may deem advisable for the management of the business and affairs of the Trust.

SECTION 3. Books and Records. The Trust shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Board of Trustees. All books and records of the Trust may be inspected by any Trustee and by the members of the Jefferson Parish Council for any proper purpose at any time.

ARTICLE VIII

AMENDMENTS

These By-Laws may be altered, amended or repealed by the affirmative vote of two-thirds of the Trustees present at the regular or special meeting, provided a quorum, as provided in these By-Laws, be present and provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, provided that any such alteration, amendment or repeal shall first be approved by the Jefferson Parish Council. Notwithstanding the foregoing, Section 1 of Article II of these By-Laws may not be altered, amended or repealed.

* * * *

/s/ Frank C. Fradella
Secretary

/s/ Burnett J. Tappel, II
Chairman

AMENDMENT NO. 1 TO THE BY-LAWS

OF

JEFFERSON PARISH FINANCE AUTHORITY
(AS SUCCESSOR IN INTEREST TO
THE PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY)

ADOPTED ON THE 20TH DAY OF AUGUST, 1979

The Board of Trustees of the Jefferson Parish Finance Authority, (as successor in interest to the Parish of Jefferson Home Mortgage Authority) (the "Authority") acting through its duly authorized Chairman, having received the approval of the Council of the Parish of Jefferson, availing themselves of the Laws of the State of Louisiana, more particularly R.S. 9:2341 to 9:2347, inclusive, and in consideration of the benefits to be derived by the citizens of the Parish of Jefferson, Louisiana, do by these presents amend those certain by-laws (the "By-Laws") adopted on the 20th day of August, 1979, governing the Authority, as hereinafter provided (all terms used herein, unless otherwise specifically defined, shall have the respective meanings set forth in said By-Laws):

SECTION 1. The By-Laws are hereby restated and amended acknowledging that the public trust formally known as the Jefferson Parish Home Mortgage Authority is now known as the Jefferson Parish Finance Authority, and any reference in the By-Laws to the "Jefferson Parish Home Mortgage Authority" shall be removed and replaced with the "Jefferson Parish Finance Authority".

SECTION 2. That Article III, Section 1 of the By-Laws is hereby restated and amended to read as follows:

> SECTION 1. <u>General Powers</u>. The business and affairs of the Trust shall be managed by a Board of eight (8) Trustees which shall exercise all of the powers of the Public Trust."

SECTION 3. That Article VI, Section 1 of the By-Laws is hereby restated and amended to read as follows:

Section 1. Regular Meetings. The regular meetings of the Board of Trustees shall be held on Monday of each week alternating between offices in the General Government Building, 200 Derbigny Street, Gretna, Louisiana, and in the Joseph S. Yenni Building, 1221 Elmwood Park Boulevard, Jefferson, Louisiana. When a Jefferson Parish Government observed holiday occurs on Monday, the regular meeting shall be held on a date designated by the Chairman."

SECTION 4. That Article VIII of the By-Laws is hereby restated and amended to read as follows:

These By-Laws may be altered, amended or repealed by the affirmative vote of two-thirds of the Trustees qualified to act as such under the Indenture at a regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, provided that any such alteration, amendment or repeal shall be approved by the Jefferson Parish Council. Notwithstanding the foregoing, Section 1 of Article II of these By-Laws may not be altered, amended or repealed.

THUS DONE AND EXECUTED, in the Parish of Jefferson, State of Louisiana, as of the 19th day of November, 2012, in the presence of Dennis DiMarco and Michael F. Drawe competent witnesses and Notary Public:

BOARD OF TRUSTEES OF THE JEFFERSON PARISH FINANCE AUTHORTTY (SUCCESSOR IN INTEREST TO THE PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY)

BY: ______________________
FRANK L. MUSCARELLO, CHAIRMAN

WITNSSES:

____
Print Name Dennis DiMarco

____
Print Name Michael F. Drawe

____
GORDON R. KONRAD (Bar #24144)
Notary Public

Attachment D

JPFA Audited Financials Fiscal Years 2013, 2014, 2015 and 2016

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2013

Postlethwaite & Netterville
A Professional Accounting Corporation
www.pncpa.com

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2013

JEFFERSON PARISH FINANCE AUTHORITY

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P&N Postlethwaite & Netterville

A Professional Accounting Corporation
Associated Offices in Principal Cities of the United States
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Jefferson Parish Finance Authority:

Report on Financial Statements

We have audited the accompanying financial statements of Jefferson Parish Finance Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the years ended December 31, 2013 and 2012, 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 the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 opinion.

30th Floor - Energy Centre • 1100 Poydras Street • New Orleans, LA 70163-3000 • Tel: 504.569.2978
One Galleria Blvd., Suite 2100 • Metairie, LA 70001 • Tel: 504.837.5990 • Fax: 504.834.3609

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 5 to the financial statements, the Authority implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows and inflows of resources and also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues or expenses when incurred and not reported in the statements of net position. 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 through 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information included in Schedules 1 through 4 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, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2014 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Postlethwaite + Netterville

Metairie, Louisiana
April 23, 2014

JEFFERSON PARISH FINANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013 AND 2012

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 year that ended December 31, 2013. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

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

2013

The Authority's net position represents 11% of its total assets. With total assets approximating $88 million, the Authority had changes in net position of approximately ($4.0) million for the year ended December 31, 2013.

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). This program is not a bond program as the Authority has utilized in the past. The JMAP program is accounted for in the 1991 program. The program was created in September 2013 and reported limited activity for 2013.

- The Authority's net position decreased by $4.0 million due primarily to the decrease in investment income on mortgage backed securities of $4.3 million in fiscal year 2013. The decrease in investment income is a result of the decrease in the balance of mortgage backed securities of approximately $17.0 million in 2013.

- During the year ended December 31, 2013, the Authority adopted the GASB Statement No. 65. The implementation of GASB Statement No. 65 is reported as a restatement of amounts previously reported. See Note 5 to the financial statements.

2012

The Authority's net position represents 10% of its total assets. With total assets approximating $132 million, the Authority had changes in net position of approximately ($3.2) million for the year ended December 31, 2012.

The Authority's financial highlights include:

- During the year ended December 31, 2012, the 2003A, 2003C, and 2004A mortgage backed securities were sold at a premium. The proceeds from the sales of the mortgage backed securities were used to purchase United States Treasury bills which will mature on the date each bond is callable.

- The Authority's net position decreased by $3.2 million due primarily to depreciation in the market value of its investments in mortgage backed securities of $3.7 million.

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 other 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 this 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 Statement of Net Position reports the Authority's net position. Net position, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

2013

The Authority's total net position at December 31, 2013 decreased to $9,644, a decrease of 29% from December 31, 2012. (See Table A-1) Total assets decreased by $43,617 due primarily to a decrease in mortgage-backed securities of $16,948, decrease in investments securities of $17,067 and a decrease in cash of $9,599. The liabilities decreased by $39,609 due to the decrease in bonds payable of $39,710 and increase in other liabilities of $101.

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

	2013	2012 (as restated)	Increase (Decrease)
Cash and cash equivalents	$ 2,894	$ 12,493	$ (9,599)
Investments	13,965	31,032	(17,067)
Mortgage-backed securities	70,850	87,798	(16,948)
Other assets	354	357	(3)
Total assets	88,063	131,680	(43,617)
Other liabilities	2,124	2,023	101
Bonds payable	76,295	116,005	(39,710)
Total liabilities	78,419	118,028	(39,609)
Net position			
Restricted for debt	1,692	5,233	(3,541)
Unrestricted			
Undesignated	1,148	2,631	(1,483)
Designated	6,804	5,788	1,016
	9,644	13,652	(4,008)
Total liabilities and net position	$ 88,063	$ 131,680	$ (43,617)

2012

The Authority's total net position at December 31, 2012 decreased to $13,652, a decrease of 19% from December 31, 2011. (See Table A-1) Total assets decreased by $23,981 due primarily to a decrease in mortgage-backed securities of $38,287 and a decrease in cash of $13,557 offset by an increase in investment securities of $28,123, and the decrease in other assets of $170. The liabilities decreased by $20,669 due to the decrease in bonds payable of $20,794 and increase in other liabilities of $125.

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

	2012 (as restated)	2011 (as restated)	Increase (Decrease)
Cash and cash equivalents	$ 12,493	$ 26,050	$ (13,557)
Investments	31,032	2,909	28,123
Mortgage-backed securities	87,798	126,085	(38,287)
Other assets	357	527	(170)
Total assets	131,680	155,571	(23,891)
Other liabilities	2,023	1,898	125
Bonds payable	116,005	136,799	(20,794)
Total liabilities	118,028	138,697	(20,669)
Net position			
Restricted for debt	5,233	9,356	(4,123)
Unrestricted			
Undesignated	2,631	3,195	(564)
Designated	5,788	4,323	1,465
	13,652	16,874	(3,222)
Total liabilities and net position	$ 131,680	$ 155,571	$ (23,891)

Changes in Net Position

2013

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

	2013	2012 (as restated)	Increase (Decrease)
Operating revenues:			
Investment income on mortgage loans	$ 3,385	$ 7,659	$ (4,274)
Depreciation in fair value on investments	(2,653)	(3,738)	1,085
Investment income on investments	198	174	24
Other	68	61	7
Total operating revenues	998	4,156	(3,158)
Operating expenses:	5,006	7,378	(2,372)
Change in net position	(4,008)	(3,222)	(786)
Total net position, beginning of the year	13,652	16,874	(3,222)
Total net position, end of the year	$ 9,644	$ 13,652	$ (4,008)

Operating revenues decreased by 76% to $998 thousand. This decrease in revenue is primarily due to the decrease in investment income on mortgage loans.

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

	2013	2012	Increase (Decrease)
Interest on debt	$ 3,478	$ 5,260	$ (1,782)
Bond issuance and other costs	486	387	99
Servicing fees	361	471	(110)
Other	681	1,260	(579)
Total operating expenses	$ 5,006	$ 7,378	$ (2,372)

Operating expenses decreased due to $1,782 less of interest payments on debt in 2013 than in 2012. Additional decrease of $110 in servicing fees is due to the decrease in mortgage loans as a result of the closing of three programs (2003A, 2003C, and 2004A) during 2012. Other expense decreased as the costs of the roll-up of bond programs (2003A, 2003C, and 2004A) were incurred during the year ended December 31, 2012.

2012

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

	2012 (as restated)	2011 (as restated)	Increase (Decrease)
Operating revenues:			
Investment income on mortgage loans	$ 7,659	$ 7,082	$ 577
Appreciation (depreciation) in fair value on investments	(3,738)	1,725	(5,463)
Investment income on investments	174	160	14
Other	61	356	(295)
Total operating revenues	4,156	9,323	(5,167)
Operating expenses:	7,378	7,201	177
Change in net position	(3,222)	2,122	(5,344)
Total net position, beginning of the year	16,874	14,752	2,122
Total net position, end of the year	$ 13,652	$ 16,874	$ (3,222)

Operating revenues decreased by 55% to $4,156 million. This decrease in revenue is primarily due depreciation in fair value of investments. Decrease in other revenue is due to income earned during the prior year on warehoused loans in the 2009A program.

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

	2012 (as restated)	2011 (as restated)	Increase (Decrease)
Interest on debt	$ 5,260	$ 5,105	$ 155
Bond issuance and other costs	387	458	(71)
Servicing fees	471	614	(143)
Other	1,260	1,024	236
Total operating expenses	$ 7,378	$ 7,201	$ 177

Operating expenses decreased due to $155 more of interest payments on debt in 2012 than in 2011. Additional decrease of $143 in servicing fees is due to the closing of three programs during 2010 and an additional three programs in 2011. Other expenses increased due to the additional costs of the roll-up of the bonds programs (2003A, 2003C, and 2004A) during the year ended December 31, 2012.

DEBT ADMINISTRATION

2013

Total indebtedness for bonds payable was $76 million as of December 31, 2013 compared to $116 million at December 31, 2012. The decrease in bonds payable is the result of payoff of the 2003A and 2003C Programs during fiscal year 2013. All bond debt and lease covenants have been met.

2012

Total indebtedness for bonds payable was $116 million as of December 31, 2012 compared to $137 million at December 31, 2011. The decrease in bonds payable is the result of higher than normal prepayments for Series 2006B, 2006D, 2007B, and 2007C during 2012. All bond debt and lease 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 through 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.
- Due to the current market conditions not being conductive to the issuance of new bond programs, the Authority offered a market rate program which provides fees to the Authority as each loan is sold.
- The overall operating expenses of the Authority were reduced in 2013. The revenues for 2014 should be sufficient to meet budget needs and allow for the continuation of the current market rate program or allow for the introduction of new bond programs when market conditions permit.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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, 2013 AND 2012

	2013	2012
Assets		
Cash and cash equivalents	$ 2,894	$ 12,493
Investment securities at fair value	13,965	31,032
Mortgage-backed securities	70,850	87,798
Accrued interest receivable	298	357
Other receivable	56	-
Total assets	$ 88,063	$ 131,680
Liabilities and Net Position		
Liabilities:		
Bonds payable, net	$ 76,295	$ 116,005
Accrued interest payable	1,980	1,897
Other liabilities	144	126
Total liabilities	78,419	118,028
Net Position:		
Restricted for debt	1,692	5,233
Unrestricted		
Undesignated	1,148	2,631
Designated	6,804	5,788
Total net position	9,644	13,652
Total liabilities and net position	$ 88,063	$ 131,680

See accompanying notes to financial statements.

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Operating revenues:		
Investment income on mortgage loans	$ 3,385	$ 7,659
Depreciation in fair market value of investments in mortgage-backed securities	(2,653)	(3,738)
Investment income on investment securities	198	174
Other revenue	68	61
Total operating revenues	998	4,156
Operating expenses:		
Interest on debt	3,478	5,260
Bond issuance costs and other costs	486	387
Servicing fees	361	471
Trustee fees	52	81
Other operating expenses	629	1,179
Total operating expenses	5,006	7,378
Change in net position before other financing sources:	(4,008)	(3,222)
Other financing sources:		
Operating transfers	-	-
Total other financing sources	-	-
Change in net position	(4,008)	(3,222)
Net position at beginning of the year (restated, Note 5)	13,652	16,874
Net position at end of the year	$ 9,644	$ 13,652

See accompanying notes to financial statements.

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

AS OF DECEMBER 31, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Cash receipts for:		
Investment income on mortgage loans	$ 3,441	$ 7,866
Investment income on investment securities	244	138
Other revenue	12	17
Cash payments for:		
Interest on debt	(4,289)	(5,520)
Servicing fees	(361)	(438)
Other operating expenses	(1,150)	(1,651)
Net cash provided by (used in) operating activities	(2,103)	412
Cash flows from noncapital financing activities:		
Bond payments	(38,819)	(20,364)
Net cash used in noncapital financing activities	(38,819)	(20,364)
Cash flows from investing activities:		
Proceeds from sale of investment securities	26,184	262
Proceeds from mortgage loan repayments	20,745	45,857
Acquisition of investment securities	(9,140)	(28,404)
Acquisition of mortgage loans	(6,466)	(11,320)
Net cash provided by investing activities	31,323	6,395
Net decrease in cash and cash equivalents	(9,599)	(13,557)
Cash and cash equivalents at beginning of year	12,493	26,050
Cash and cash equivalents at end of year	$ 2,894	$ 12,493
Reconciliation of changes in net position to net cash used in operating activities:		
Changes in net position	$ (4,008)	$ (3,222)
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:		
Amortization of bond premium and discount	(893)	(430)
Unrealized losses (gains) on investments in mortgage-backed securities	2,694	3,769
Change in assets and liabilities:		
Accrued interest receivable	3	170
Other liabilities	18	4
Accrued interest payable	83	121
Net cash provided by (used in) operating activities	$ (2,103)	$ 412

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

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

Date	Issue Name	Amount (in thousands)
December 31, 1991	Single Family Mortgage Revenue Bonds, Series 1991 (1991 Program)	$ 19,175
May 29, 2003	Single Family Mortgage Revenue Refunding Bonds, Series 2003A (2003A Program)	$ 15,000
December 12, 2003	Single Family Mortgage Revenue Refunding Bonds, Series 2003C (2003C Program)	$ 30,000
August 4, 2004	Single Family Mortgage Revenue Refunding Bonds, Series 2004A (2004A Program)	$ 20,000
July 21, 2005	Single Family Mortgage Revenue Refunding Bonds, Series 2005A (2005A Program)	$ 20,000

(1) Organization and Summary of Significant Accounting Policies (continued)

Date	Issue Name	Amount (in thousands)
August 10, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006B (2006B Program)	$ 28,645
November 14, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006C (2006C Program)	$ 20,000
March 15, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2006D (2006D Program)	$ 20,000
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

During the year ended December 31, 2012, the 2003A, 2003C, and 2004A mortgage backed securities were sold at a premium. The proceeds from the sales of the mortgage backed securities were used to purchase United States Treasury Bills which will mature on the date each bond is callable. Therefore, on the date the investments mature their proceeds will be used to redeem the bonds in full. The respective maturity dates are 2003A – June 1, 2013, 2003C – December 1, 2013, and 2004A – June 1, 2014.

(1) Organization and Summary of Significant Accounting Policies (continued)

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 programs 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.

(b) 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 the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority has no government or fiduciary funds.

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

The Authority's accounts are organized into a single proprietary fund. The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has 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 mortgages/mortgage-backed securities.

(c) 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.

(1) Organization and Summary of Significant Accounting Policies (continued)

(d) *Investment Securities*

Investments are reported at fair value except for money markets and short-term investments, consisting primarily of financial instruments with a maturity of one year or less at time of purchase, which are reported at cost. 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.

(e) *Bond Issuance Costs*

Bond issuance costs, including underwriters' discounts on bonds sold, are expensed as incurred.

(f) *Refinancing Gains (Losses)*

Gains and losses associated with refundings and advance refundings 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.

(g) *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, 2013 and 2012.

(h) *Compensated absences*

It is the Authority's policy to permit employees to accumulate earned but unused annual and sick pay benefits. Employees may carry over annual leave up to forty days and an unlimited amount of sick leave. However, at the time of an employee's separation they are only paid for up to twenty days of annual leave and forty days of sick leave. The compensated absences policy of the Authority is consistent with the compensated absences policy of Jefferson Parish. At December 31, 2013 and 2012, compensated absences of $56,000 are included in other liabilities.

(i) *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.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable

(a) *Cash, Cash Equivalents and Deposits*

Cash deposits and cash equivalents of $2,894 and $12,493 at December 31, 2013 and 2012, respectively, are held in financial institutions.

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. At December 31, 2013 and 2012, the Authority's deposits with banks consisted of cash of $52 and $91 and money market funds of $2,842 and $12,402. Of the cash balance at December 31, 2013 and 2012, $52 and $91 is covered by federal depository insurance. 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.

(b) *Investments and Mortgage Loan Receivable*

At December 31, 2013 and 2012, investments were held as specifically as required under terms of the Trust Indentures and the State of Louisiana investment laws. These investments include U.S. Treasury bills, U.S. Treasury notes, guaranteed investment contracts, and certificates of deposit.

Statutes authorize the Authority to invest 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 U.S., (1) Direct U.S. Treasury obligations; which obligations include but are not limited to (2) U.S. Export-Import Bank; (3) Farmers Home Administration; (4) Federal Financing Bank; (5) Federal Housing Administration Debentures; (6) General Services Administration; (7) Government National Mortgage Association - guaranteed mortgage-backed bonds and guaranteed pass-through obligations; (8) U.S. Maritime Administration - guaranteed Title XI financing, and (9) U.S. Department of Housing and Urban Development.

Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by U.S. government instrumentalities, which are federally sponsored and such 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.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

The following are the components of the Authority's cash, investments, and mortgage loan receivable at December 31, 2013 and 2012 (in thousands):

	Unrestricted	Restricted	Total
2013			
Cash and cash equivalents	$ 1,921	$ 973	$ 2,894
Investments	3,849	10,116	13,965
Mortgage loan receivable	2,239	68,611	70,850
Total	$ 8,009	$ 79,700	$ 87,709
2012			
Cash and cash equivalents	$ 1,400	$ 11,093	$ 12,493
Investments	2,449	28,583	31,032
Mortgage loan receivable	4,673	83,125	87,798
Total	$ 8,522	$ 122,801	$ 131,323

The composition and carrying value of guaranteed investment contracts is as follows:

	2013 (in thousands)	2012 (in thousands)
Guaranteed Investment Contracts:		
2005A Program	588	335
2006B Program	699	784
2006C Program	99	373
2006D Program	309	579
2007B Program	405	411
2007C Program	525	748
	$ 2,625	$ 3,230

Mortgage loan receivable for the 2005A, 2006B, 2006C, 2006D, 2007B, 2007C, 2008B and 2009ACF programs represents mortgage pass-through certificates (GNMA, FNMA, and FHLMC 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. In the 1991 Program, each mortgage loan purchased by the Authority is insured for mortgage default under various policies. Additionally, mortgage loans are insured under a master policy of supplemental mortgage insurance and under a master policy of special hazard insurance. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

The fair values of GNMA and FNMA certificates and mortgage loans receivable at December 31 are as follows:

	2013 (in thousands)	2012 (in thousands)
GNMA Certificates:		
1991 Program	$ 1,410	$ 1,625
2005A Program	6,553	8,428
2006B Program	4,058	5,242
2006C Program	2,518	3,656
2006D Program	2,654	3,846
2007B Program	3,118	3,866
2007C Program	8,243	10,449
2008B Program	2,294	3,550
2009ACF Program	20,545	15,602
	51,393	56,264
FNMA Certificates:		
1991 Program	827	1,276
2005A Program	1,627	2,153
2006B Program	2,032	3,471
2007B Program	589	837
	5,075	7,737
FHLMC Certificates:		
1991 Program	-	1,750
2006B Program	2,312	3,526
2006C Program	4,346	6,503
2006D Program	2,632	4,576
2007B Program	3,483	4,815
2007C Program	1,607	2,605
	14,380	23,775
Mortgage Loans:		
1991 Program	2	22
	$ 70,850	$ 87,798

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

Investments and Mortgage Loan Receivable – 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 loan 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 table shows the Authority's investments and mortgage loan receivable and the related maturities in actively managed accounts at December 31, 2013:

		Remaining Maturity in Years			
(in thousands)	Fair value	Less Than 1	1-5	5-10	>10
Mortgage- backed securities	$ 70,850	$ -	$ 828	$ -	$ 70,022
Mortage loan receivables	2	-	2	-	-
Fixed income investments	3,849	1,362	2,487	-	-
U.S. Treasury investments	7,489	7,489	-	-	-
Guaranteed investment contracts	2,625	-	-	-	2,625
Money market funds	2,842	2,842	-	-	-
Total	$ 87,657	$ 11,693	$ 3,317	$ -	$ 72,647

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:

2005A Program	5.90%
2006B Program	5.84%
2006C Program	5.63%
2006D Program	5.86%
2007B Program	6.39%
2007C Program	6.36%
2008B Program	6.75%
2009ACF Program	3.50%

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

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.

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2013 (in thousands of dollars):

S&P Rating	Total	Mortgage-backed Securities	GIC
AAA	$ 70,850	$ 70,850	$ -
AA-	687	-	687
A	1,938	-	1,938
	$ 73,475	$ 70,850	$ 2,625

Failure of the financial institutions to meet minimum credit ratings requires the institutions to provide collateral to support the investment contract. During the year ended December 31, 2012 the GICs invested in/held by the Authority were downgraded. At December 31, 2013, the GICs met the minimum credit ratings required by the Authority.

Investments and Mortgage Loan Receivable- 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, note 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, 2013, management believes all investments held and purchased for the Authority's portfolio during 2013, 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.

(3) Bonds Payable

Bonds payable are as follows at December 31:

	2013 (in thousands)	2012 (in thousands)
Single Family Mortgage Revenue Refunding Bonds, Series 2003A dated May 29, 2003 – bonds paid in full during 2013	$ -	$ 6,740
Single Family Mortgage Revenue Refunding Bonds, Series 2003C dated December 11, 2003 – bonds paid in full during 2013	-	10,524
Single Family Mortgage Revenue Refunding Bonds, Series 2004A dated June 17, 2004 - $380 due June 1, 2015 at 4.7%, $1,460 due December 1, 2024 at 5.1%, $1,530 due December 1, 2034 at 5.25%, $1,525 due June 1, 2035 at 5.25%, and $2,350 due December 1, 2035 at 5.9% (plus premium on bonds of $250)	7,495	7,603
Single Family Mortgage Revenue Refunding Bonds, Series 2005A dated July 21, 2005 - $400 due June 1, 2015 at 4.0%, $4,680 due December 1, 2035 at 4.65%, and $2,680 due June 1, 2036 at 5.55% (plus premium on bonds of $382)	8,142	10,128
Single Family Mortgage Revenue Refunding Bonds, Series 2006B dated July 26, 2006 - $4,185 due December 1, 2032 at 5.25%, $3,000 due June 1, 2037 at 4.60% (plus premium on bonds of $790)	7,975	11,773
Single Family Mortgage Revenue Refunding Bonds, Series 2006C dated October 31, 2006 - $3,690 due June 1, 2033 at 5.0%, and $1,995 due December 1, 2038 at 5.0% (plus premium on bonds of $572)	6,257	9,728
Single Family Mortgage Revenue Refunding Bonds, Series 2006D dated March 1, 2007 - $5,600 due June 1, 2038 at 5.0% (plus premium on bonds of $384)	5,984	8,599

(3) **Bonds Payable (continued)**

	2013 (in thousands)	2012 (in thousands)
Single Family Mortgage Revenue Refunding Bonds, Series 2007B dated June 1, 2007 - \$6,890 due December 1, 2048 at 5.7% (plus premium on bonds of \$444)	7,334	9,430
Single Family Mortgage Revenue Refunding Bonds, Series 2007C dated October 31, 2007 - \$525 due December 1, 2017 at 4.25%, \$1,670 due December 1, 2027 at 4.85%, \$3,680 due June 1, 2039 at 5.70%, and \$3,435 due December 1, 2039 at 5.50% (plus premium on bonds of \$822)	10,132	13,393
Single Family Mortgage Revenue Refunding Bonds, Series 2008B dated November 10, 2008 - \$2,073 due December 1, 2040 at 6.03 (plus premium on bonds of \$243)	2,316	3,447
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011 - \$20,660 due December 1, 2041 at 2.32%.	20,660	24,640
Total bonds payable	\$ 76,295	\$ 116,005

The Authority is in compliance with its bond covenants.

The bonds in the 1991 Program (sold in 2002) are secured by an assignment and pledge of and security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interests in and to the agreement and (iii) all monies and securities held under the Trust Indentures, including monies in the funds and accounts created pursuant thereto (excluding certain monies representing excess investment earnings, if any, required to be remitted to the United States Government in accordance with the Trust Indentures).

Under the Trust Indentures, the Authority has the option to redeem bonds maturing on or after June 1, 2015 (2005A) at 101% of the then outstanding balance and subsequently lesser prices declining to par; June 1, 2016 (2006B) at 103.0% of the then outstanding balance and subsequently lesser prices declining to par; and June 1, 2016 (2006C) at 103% of the then outstanding balance and subsequently lesser prices declining to par.

Under the Trust Indentures for the 2007B, 2007C, 2008B, and 2009ACF programs, 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.

(3) **Bonds Payable (continued)**

A summary of scheduled bond maturities (in thousands) as of December 31, 2013 is as follows:

	2014	2015	2016	2017	2018	2019-2023	2024-2028	2029-2033	2034-2038	2039-2043	2044-2048	Premiums	Total
Principal:													
2004A Program	$ -	$ 380	$ -	$ -	$ -	$ -	$ 1,460	$ -	$ 5,405	$ -	$ -	$ 250	$ 7,495
2005A Program	-	400	-	-	-	-	-	-	7,360	-	-	382	8,142
2006B Program	-	-	-	-	-	-	-	4,185	3,000	-	-	790	7,975
2006C Program	-	-	-	-	-	-	-	3,690	1,995	-	-	572	6,257
2006D Program	-	-	-	-	-	-	-	-	5,600	-	-	384	5,984
2007B Program	-	-	-	-	-	-	-	-	-	-	6,890	444	7,334
2007C Program	-	-	-	525	-	-	1,670	-	-	7,115	-	822	10,132
2008B Program	-	-	-	-	-	-	-	-	-	2,073	-	243	2,316
2009ACF Program	1,520	1,790	1,940	1,830	1,660	6,250	4,130	1,540	-	-	-	-	20,660
Total due each year	1,520	2,570	1,940	2,355	1,660	6,250	7,260	9,415	23,360	9,188	6,890	3,887	76,295
Interest:													
2004A Program	391	391	373	373	373	1,867	1,570	1,495	518	-	-	-	7,351
2005A Program	382	382	366	366	366	1,832	1,832	1,832	881	-	-	-	8,239
2006B Program	358	358	358	358	358	1,789	1,789	1,569	690	-	-	-	7,627
2006C Program	284	284	284	284	284	1,421	1,421	1,237	499	-	-	-	5,998
2006D Program	280	280	280	280	280	1,400	1,400	1,400	1,400	-	-	-	7,000
2007B Program	393	393	393	393	393	1,963	1,964	1,964	1,964	1,964	1,964	-	13,748
2007C Program	502	502	502	502	502	480	2,398	2,317	1,993	399	-	-	10,097
2008B Program	125	125	125	125	125	625	625	625	625	250	-	-	3,375
2009ACF Program	510	467	422	382	345	1,285	739	366	-	-	-	-	4,516
Total due each year	3,225	3,182	3,103	3,063	3,026	12,662	13,738	12,805	8,570	2,613	1,964	-	67,951
Total due	$ 4,745	$ 5,752	$ 5,043	$ 5,418	$ 4,686	$ 18,912	$ 20,998	$ 22,220	$ 31,930	$ 11,801	$ 8,854	$ 3,887	$ 144,246

(3) Bonds Payable (continued)

The other 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.

The principal balance on defeased bonds outstanding at December 31 are as follows:

	2013	2012
1985 Program -		
(defeased by the 1994 "1985" Program)	$ 32,595,000	$ 32,595,000

(4) Net Position

The net position included in the 1991 Program, totaling $7,952,000 and $8,419,000 as of December 31, 2013 and 2012, respectively, are for the benefit 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.

(5) Change in Accounting Principles

The Authority has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. This standard provides guidance for reporting the financial statement elements of deferred outflows of resources and deferred inflows of resources, required by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 65 also identifies certain items previously reported as assets and liabilities that the GASB determined should be recognized as revenues, expenses, or expenditures when incurred and not reported in statements of net position.

The Authority implemented this standard effective January 1, 2012. The impact as follows:

Previously reported net position as of January 1, 2012	$ 20,239,000
Adjustment to net position as a result of the implementation of GASB Statement No. 65	(3,365,000)
Net position as of January 1, 2012, as restated	$ 16,874,000
Previously reported change in net position for the year ended December 31, 2012	$ (3,124,000)
Adjustment as a result of the implementation of GASB Statement No. 65	(98,000)
Change in net position for the year ended December 31, 2012, as restated	$ (3,222,000)

(5) Change in Accounting Principles (continued)

The GASB issued Statement No. 66, Technical Corrections – 2012 in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for 2013. There was no impact to the Authority with the implementation of this statement.

(6) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 23, 2014, and determined there were no items requiring disclosure.

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
(IN THOUSANDS)

AS OF DECEMBER 31, 2013
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2003 A Program	2003 C Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Assets													
Cash and cash equivalents	$ 1,921	$ -	$ -	$ 18	$ -	$ -	$ 88	$ 629	$ 127	$ -	$ 14	$ 97	$ 2,894
Investment securities at fair value	3,849	-	-	7,489	588	700	100	308	406	525	-	-	13,965
Mortgage-backed securities	2,239	-	-	-	8,180	8,402	6,864	5,286	7,190	9,850	2,294	20,545	70,850
Accrued interest receivable	31	-	-	-	35	36	28	23	34	44	11	56	298
Other receivable	56	-	-	-	-	-	-	-	-	-	-	-	56
Total assets	$ 8,096	$ -	$ -	$ 7,507	$ 8,803	$ 9,138	$ 7,080	$ 6,246	$ 7,757	$ 10,419	$ 2,319	$ 20,698	$ 88,063
Liabilities and Net Position													
Liabilities:													
Bonds payable, net	$ -	$ -	$ -	$ 7,495	$ 8,142	$ 7,975	$ 6,257	$ 5,984	$ 7,334	$ 10,132	$ 2,316	$ 20,660	$ 76,295
Accrued interest payable	-	-	-	33	32	1,039	727	23	33	42	10	41	1,980
Other liabilities	144	-	-	-	-	-	-	-	-	-	-	-	144
Total liabilities	144	-	-	7,528	8,174	9,014	6,984	6,007	7,367	10,174	2,326	20,701	78,419
Net Position:													
Restricted for debt	-	-	-	(21)	629	124	96	239	390	245	(7)	(3)	1,692
Unrestricted													
Undesignated	1,148	-	-	-	-	-	-	-	-	-	-	-	1,148
Designated	6,804	-	-	-	-	-	-	-	-	-	-	-	6,804
Total net position	7,952	-	-	(21)	629	124	96	239	390	245	(7)	(3)	9,644
Total liabilities and net position	$ 8,096	$ -	$ -	$ 7,507	$ 8,803	$ 9,138	$ 7,080	$ 6,246	$ 7,757	$ 10,419	$ 2,319	$ 20,698	$ 88,063

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2013
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2003 A Program	2003 C Program	2004A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Operating revenues:													
Investment income on mortgage loans	$ 122	$ -	$ -	$ -	$ 452	$ 454	$ 299	$ 278	$ 408	$ 552	$ 131	$ 689	$ 3,385
Appreciation (depreciation) in market value of investments	(153)	22	(3)	1	(158)	(253)	(155)	(166)	(32)	(125)	(107)	(1,524)	(2,653)
Investment income on investment securities	62	(19)	23	19	25	8	31	27	10	11	-	1	198
Other revenue	68	-	-	-	-	-	-	-	-	-	-	-	68
Total operating revenues	99	3	20	20	319	209	175	139	386	438	24	(834)	998
Operating expenses:													
Interest on debt	-	(69)	142	368	414	383	308	326	437	514	137	518	3,478
Bond issuance costs and other costs	93	-	-	-	-	-	-	-	-	-	-	393	486
Servicing fees	-	-	-	-	44	48	37	34	40	53	13	92	361
Trustee fees	24	-	-	-	3	3	2	3	3	4	1	9	52
Other operating expenses	604	-	-	25	-	-	-	-	-	-	-	-	629
Total operating expenses	721	(69)	142	393	461	434	347	363	480	571	151	1,012	5,006
Change in net assets before other financing sources (uses)	(622)	72	(122)	(373)	(142)	(225)	(172)	(224)	(94)	(133)	(127)	(1,846)	(4,008)
Other financing sources (uses)													
Operating transfers	155	(217)	(37)	-	(21)	(35)	(23)	(21)	(21)	(34)	(5)	259	-
Change in net assets	(467)	(145)	(159)	(373)	(163)	(260)	(195)	(245)	(115)	(167)	(132)	(1,587)	(4,008)
Net position at beginning of the year (restated, Note 5)	8,419	145	159	352	792	384	291	484	505	412	125	1,584	13,652
Net position at end of the period	$ 7,952	$ -	$ -	$ (21)	$ 629	$ 124	$ 96	$ 239	$ 390	$ 245	$ (7)	$ (3)	$ 9,644

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2013
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2003 A Program	2003 C Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Cash flows from operating activities:													
Cash receipts for:													
Investment income on mortgage loans	$ 114	$ -	$ -	$ -	$ 452	$ 469	$ 312	$ 289	$ 418	$ 567	$ 131	$ 689	$ 3,441
Investment income on investment securities	62	27	23	19	34	8	31	27	10	11	6	(14)	244
Other revenue	12	-	-	-	-	-	-	-	-	-	-	-	12
Cash payments for:													
Interest on debt	-	(203)	(516)	(368)	(459)	(330)	(279)	(368)	(472)	(608)	(161)	(525)	(4,289)
Servicing fees	-	-	-	-	(44)	(48)	(37)	(34)	(40)	(53)	(13)	(92)	(361)
Other operating expenses	(703)	-	-	(25)	(4)	(3)	(2)	(3)	(3)	(4)	(1)	(402)	(1,150)
Net cash provided by (used in) operating activities	(515)	(176)	(493)	(374)	(21)	96	25	(89)	(87)	(87)	(38)	(344)	(2,103)
Cash flows from noncapital financing activities:													
Bonds payments	-	(6,495)	(10,195)	(108)	(1,949)	(3,729)	(3,414)	(2,584)	(2,071)	(3,181)	(1,113)	(3,980)	(38,819)
Operating transfers	155	(217)	(37)	-	(21)	(35)	(23)	(21)	(21)	(34)	(5)	259	-
Net cash provided by (used in) noncapital financing activities	155	(6,712)	(10,232)	(108)	(1,970)	(3,764)	(3,437)	(2,605)	(2,092)	(3,215)	(1,118)	(3,721)	(38,819)
Cash flows from investing activities:													
Proceeds from sale of investment securities	-	6,687	10,679	7,963	-	84	272	271	5	223	-	-	26,184
Proceeds from mortgage loan repayments	2,281	-	3	-	2,243	3,584	3,140	2,970	2,296	3,079	1,149	-	20,745
Acquisition of investment securities	(1,400)	-	-	(7,488)	(252)	-	-	-	-	-	-	-	(9,140)
Acquisition of mortgage loans	-	-	-	-	-	-	-	-	-	-	-	(6,466)	(6,466)
Net cash provided by (used in) investing activities	881	6,687	10,682	475	1,991	3,668	3,412	3,241	2,301	3,302	1,149	(6,466)	31,323
Net increase (decrease) in cash and cash equivalents	521	(201)	(43)	(7)	-	-	-	547	122	-	(7)	(10,531)	(9,599)
Cash and cash equivalents at beginning of period	1,400	201	43	25	-	-	88	82	5	-	21	10,628	12,493
Cash and cash equivalents at end of year	$ 1,921	$ -	$ -	$ 18	$ -	$ -	$ 88	$ 629	$ 127	$ -	$ 14	$ 97	$ 2,894
Reconciliation of changes in net position to net cash used in operating activities:													
Changes in net position	$ (622)	$ 72	$ (122)	$ (373)	$ (142)	$ (225)	$ (172)	$ (224)	$ (94)	$ (133)	$ (127)	$ (1,846)	$ (4,008)
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:													
Amortization of bond premium	-	(246)	(329)	-	(38)	(69)	(57)	(31)	(25)	(80)	(18)	-	(893)
Unrealized (gains) losses on investments	153	22	-	(1)	158	253	155	166	32	125	107	1,524	2,694
Changes in assets and liabilities:													
(Increase) decrease in accrued interest and other receivables	(64)	3	-	-	9	15	13	11	10	15	6	(15)	3
Increase in other liabilities	18	-	-	-	-	-	-	-	-	-	-	-	18
Increase (decrease) in accrued interest payable	-	(27)	(42)	-	(8)	122	86	(11)	(10)	(14)	(6)	(7)	83
Net cash provided by (used in) operating activities	$ (515)	$ (176)	$ (493)	$ (374)	$ (21)	$ 96	$ 25	$ (89)	$ (87)	$ (87)	$ (38)	$ (344)	$ (2,103)

JEFFERSON PARISH FINANCE AUTHORITY

Schedule 4

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED DECEMBER 31, 2012

The members of the Authority's 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, 2013, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Board Per Diems	Extra Approved Per Diems	2013 Total
Berthelot, Jackie	49	7	56
DiMarco, Dennis	47	9	56
Drawe, Michael F.	46	8	54
Faia, Gregory	43	5	48
Jackson, Girod H.	16	2	18
Lawson, Arthur S.	39	4	43
Lawson, James E.	49	10	59
Muscarello, Frank L.	49	10	59
Woodruff, Ebony	1	0	1

Per Diem Payments:

	2013
Berthelot, Jackie	$ 8,400
DiMarco, Dennis	8,400
Drawe, Michael F.	8,100
Faia, Gregory	7,200
Jackson, Girod H.	2,700
Lawson, Arthur S.	6,450
Lawson, James E.	8,850
Muscarello, Frank L.	8,850
Woodruff, Ebony	150
	$ 59,100

See accompanying independent auditors' report.

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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 Jefferson Parish Finance Authority (the Authority), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 23, 2014.

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 to determine the auditing 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 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 significant deficiencies, or material weaknesses. 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.

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Compliance and Other Matters

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

Purpose of this report

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

Postlethwaite + Netterville

Metairie, Louisiana
April 23, 2014

P&N

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

JEFFERSON PARISH FINANCE AUTHORITY

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A Professional Accounting Corporation
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Jefferson Parish Finance Authority:

Report on Financial Statements

We have audited the accompanying financial statements of Jefferson Parish Finance Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the years ended December 31, 2014 and 2013, 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 the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information included in Schedules 1 through 5 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, such information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 27, 2015 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Postlethwaite + Netterville

Metairie, Louisiana
March 27, 2015

JEFFERSON PARISH FINANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014 AND 2013

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, 2014 and 2013. Please read it in conjunction with the Authority's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

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

2014

The Authority's net position represents 15% of its total assets. With total assets approximating $70 million, the Authority had changes in net position of approximately $1 million for the year ended December 31, 2014.

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). In 2014, the JMAP program had $176 thousand in revenues and $40 thousand in expenses.

- The Authority's net position increased by $961 thousand due primarily to investment income and appreciation in fair value of investments in excess of interest expense and other operating expenses.

2013

The Authority's net position represents 11% of its total assets. With total assets approximating $88 million, the Authority had changes in net position of approximately ($4.0) million for the year ended December 31, 2013.

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). This program is not a bond program as the Authority has utilized in the past. The JMAP program is accounted for in the 1991 program. The program was created in September 2013 and reported limited activity for 2013.

- The Authority's net position decreased by $4.0 million due primarily to interest expense and other operating expenses in excess of investment income and depreciation in fair value of investments.

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 other 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 this 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 Statement of Net Position reports the Authority's net position. Net position, the difference between the Authority's assets and liabilities, are one way to measure the Authority's financial health or position.

FINANCIAL ANALYSIS OF THE AUTHORITY

Net Position

2014

The Authority's total net position at December 31, 2014 increased to $10,605, an increase of 10% from December 31, 2013. (See Table A-1) Total assets decreased by $17,632 due primarily to a decrease in mortgage-backed securities of $22,394 and increase in investment securities at fair value of $6,649. The liabilities decreased by $18,593 due to the decrease in bonds payable of $18,779 and increase in other liabilities of $186.

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

	2014	2013	Increase (Decrease)
Cash and cash equivalents	$ 968	$ 2,894	$ (1,926)
Investments	20,614	13,965	6,649
Mortgage-backed securities	48,456	70,850	(22,394)
Other assets	393	354	39
Total assets	70,431	88,063	(17,632)
Other liabilities	2,310	2,124	186
Bonds payable	57,516	76,295	(18,779)
Total liabilities	59,826	78,419	(18,593)
Net position			
Restricted for debt	2,369	1,692	677
Unrestricted			
Undesignated	1,021	1,148	(127)
Designated	7,215	6,804	411
	10,605	9,644	961
Total liabilities and net position	$ 70,431	$ 88,063	$ (17,632)

2013

The Authority's total net position at December 31, 2013 decreased to $9,644, a decrease of 29% from December 31, 2012. (See Table A-2) Total assets decreased by $43,617 due primarily to a decrease in mortgage-backed securities of $16,948, decrease in investments securities of $17,067 and a decrease in cash of $9,599. The liabilities decreased by $39,609 due to the decrease in bonds payable of $39,710 and increase in other liabilities of $101.

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

	2013	2012	Increase (Decrease)
Cash and cash equivalents	$ 2,894	$ 12,493	$ (9,599)
Investments	13,965	31,032	(17,067)
Mortgage-backed securities	70,850	87,798	(16,948)
Other assets	354	357	(3)
Total assets	88,063	131,680	(43,617)
Other liabilities	2,124	2,023	101
Bonds payable	76,295	116,005	(39,710)
Total liabilities	78,419	118,028	(39,609)
Net position			
Restricted for debt	1,692	5,233	(3,541)
Unrestricted			
Undesignated	1,148	2,631	(1,483)
Designated	6,804	5,788	1,016
	9,644	13,652	(4,008)
Total liabilities and net position	$ 88,063	$ 131,680	$ (43,617)

Changes in Net Position

2014

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

	2014	2013	Increase (Decrease)
Operating revenues:			
Investment income on mortgage loans	$ 3,813	$ 3,385	$ 428
Appreciation (depreciation) in fair value on investments	231	(2,653)	2,884
Investment income on investments	204	198	6
Other	176	68	108
Total operating revenues	4,424	998	3,426
Operating expenses:	3,463	5,006	(1,543)
Change in net position	961	(4,008)	4,969
Total net position, beginning of the year	9,644	13,652	(4,008)
Total net position, end of the year	$ 10,605	$ 9,644	$ 961

Operating revenues increased by 343% to $4,424. This increase in revenue is primarily due to the appreciation in fair value on investments.

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

	2014	2013	Increase (Decrease)
Interest on debt	$ 2,168	$ 3,478	$ (1,310)
Bond issuance and other costs	39	486	(447)
Servicing fees	271	361	(90)
Other	985	681	304
Total operating expenses	$ 3,463	$ 5,006	$ (1,543)

Operating expenses decreased due to $1,310 less of interest payments on debt in 2014 than in 2013. Other expense increased as the costs of the roll-up of bond programs (2005A and 2006B) were incurred during the year ended December 31, 2014.

2013

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

	2013	2012	Increase (Decrease)
Operating revenues:			
Investment income on mortgage loans	$ 3,385	$ 7,659	$ (4,274)
Depreciation in fair value on investments	(2,653)	(3,738)	1,085
Investment income on investments	198	174	24
Other	68	61	7
Total operating revenues	998	4,156	(3,158)
Operating expenses:	5,006	7,378	(2,372)
Change in net position	(4,008)	(3,222)	(786)
Total net position, beginning of the year	13,652	16,874	(3,222)
Total net position, end of the year	$ 9,644	$ 13,652	$ (4,008)

Operating revenues decreased by 76% to $998 thousand. This decrease in revenue is primarily due to the decrease in investment income on mortgage loans.

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

	2013	2012	Increase (Decrease)
Interest on debt	$ 3,478	$ 5,260	$ (1,782)
Bond issuance and other costs	486	387	99
Servicing fees	361	471	(110)
Other	681	1,260	(579)
Total operating expenses	$ 5,006	$ 7,378	$ (2,372)

Operating expenses decreased due to $1,782 less of interest payments on debt in 2013 than in 2012. Additional decrease of $110 in servicing fees is due to the decrease in mortgage loans as a result of the closing of three programs (2003A, 2003C, and 2004A) during 2012. Other expense decreased as the costs of the roll-up of bond programs (2003A, 2003C, and 2004A) were incurred during the year ended December 31, 2012.

DEBT ADMINISTRATION

2014

Total indebtedness for bonds payable was $58 million as of December 31, 2014 compared to $76 million at December 31, 2013. The decrease in bonds payable is the result of payoff of the 2004A Program during fiscal year 2014. All bond debt and lease covenants have been met.

2013

Total indebtedness for bonds payable was $76 million as of December 31, 2013 compared to $116 million at December 31, 2012. The decrease in bonds payable is the result of payoff of the 2003A and 2003C Programs during fiscal year 2013. All bond debt and lease 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 through 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.
- Due to the current market conditions not being conductive to the issuance of new bond programs, the Authority continues to offer a market rate program, JMAP, which provides fees to the Authority as each loan is sold.
- To increase fees, the Authority introduced a new market rate program, SMPA, in 2014. This program is offered in St. Charles Parish and St. Tammany Parish through agreements to share fees.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

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, 2014 AND 2013

	2014	2013
Assets		
Cash and cash equivalents	$ 968	$ 2,894
Investment securities at fair value	20,614	13,965
Mortgage-backed securities	48,456	70,850
Accrued interest receivable	202	298
Other receivable	191	56
Total assets	$ 70,431	$ 88,063
Liabilities and Net Position		
Liabilities:		
Bonds payable, net	$ 57,516	$ 76,295
Accrued interest payable	2,138	1,980
Other liabilities	172	144
Total liabilities	59,826	78,419
Net Position:		
Restricted for debt	2,369	1,692
Unrestricted		
Undesignated	1,021	1,148
Designated	7,215	6,804
Total net position	10,605	9,644
Total liabilities and net position	$ 70,431	$ 88,063

See accompanying notes to financial statements.

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Operating revenues:		
Investment income on mortgage loans	$ 3,813	$ 3,385
Appreciation (depreciation) in fair market value of investments in mortgage-backed securities	231	(2,653)
Investment income on investment securities	204	198
Other revenue	176	68
Total operating revenues	4,424	998
Operating expenses:		
Interest on debt	2,168	3,478
Bond issuance costs and other costs	39	486
Servicing fees	271	361
Trustee fees	49	52
Other operating expenses	936	629
Total operating expenses	3,463	5,006
Change in net position before other financing sources:	961	(4,008)
Other financing sources:		
Operating transfers	-	-
Total other financing sources	-	-
Change in net position	961	(4,008)
Net position at beginning of the year	9,644	13,652
Net position at end of the year	$ 10,605	$ 9,644

See accompanying notes to financial statements.

JEFFERSON PARISH FINANCE AUTHORITY

STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities:		
Cash receipts for:		
Investment income on mortgage loans	$ 3,864	$ 3,441
Investment income on investment securities	243	244
Other revenue	41	12
Cash payments for:		
Interest on debt	(2,327)	(4,289)
Servicing fees	(265)	(361)
Other operating expenses	(996)	(1,150)
Net cash provided by (used in) operating activities	560	(2,103)
Cash flows from noncapital financing activities:		
Bond payments	(18,462)	(38,819)
Net cash used in noncapital financing activities	(18,462)	(38,819)
Cash flows from investing activities:		
Proceeds from sale of investment securities	8,107	26,184
Proceeds from mortgage loan repayments	22,768	20,745
Acquisition of investment securities	(14,795)	(9,140)
Acquisition of mortgage loans	(104)	(6,466)
Net cash provided by investing activities	15,976	31,323
Net increase (decrease) in cash and cash equivalents	(1,926)	(9,599)
Cash and cash equivalents at beginning of year	2,894	12,493
Cash and cash equivalents at end of year	$ 968	$ 2,894
Reconciliation of changes in net position to net cash used in operating activities:		
Changes in net position	$ 961	$ (4,008)
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:		
Amortization of bond premium and discount	(317)	(893)
Unrealized losses (gains) on investments in mortgage-backed securities	(231)	2,694
Change in assets and liabilities:		
Accrued interest receivable	(39)	3
Other liabilities	28	18
Accrued interest payable	158	83
Net cash provided by (used in) operating activities	$ 560	$ (2,103)

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) 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, Louisiana; St. Charles Parish, Louisiana; and St. Tammany Parish, 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 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 began operations on August 1, 1979 and currently has separate bond programs as shown with original issuance amounts below:

(1) Organization and Summary of Significant Accounting Policies (continued)

(a) Authorizing Legislation (continued)

Date	Issue Name	Amount (in thousands)
July 21, 2005	Single Family Mortgage Revenue Refunding Bonds, Series 2005A (2005A Program)	$ 20,000
August 10, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006B (2006B Program)	$ 28,645
November 14, 2006	Single Family Mortgage Revenue Refunding Bonds, Series 2006C (2006C Program)	$ 20,000
March 15, 2007	Single Family Mortgage Revenue Refunding Bonds, Series 2006D (2006D Program)	$ 20,000
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

(1) Organization and Summary of Significant Accounting Policies (continued)

(a) *Authorizing Legislation (continued)*

During the year ended December 31, 2014, the 2005A and 2006B mortgage backed securities were sold at a premium. The proceeds from the sales of the mortgage backed securities were used to purchase United States Treasury Bills or Guaranteed Investment Contracts which will mature on the date each bond is callable. Therefore, on the date the investments mature their proceeds will be used to redeem the bonds in full. The respective maturity dates are 2005A – June 1, 2015 and 2006B – June 1, 2016.

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 programs 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.

(b) *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 the 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.

(1) Organization and Summary of Significant Accounting Policies (continued)

(b) 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 has 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 mortgages/mortgage-backed securities.

(c) 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.

(d) Investment Securities

Investments are reported at fair value except for money markets and short-term investments, consisting primarily of financial instruments with a maturity of one year or less at time of purchase, which are reported at cost. 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.

(e) Bond Issuance Costs

Bond issuance costs, including underwriters' discounts on bonds sold, are expensed as incurred.

(f) Refinancing Gains (Losses)

Gains and losses associated with refundings and advance refundings 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.

(1) Organization and Summary of Significant Accounting Policies (continued)

(g) 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, 2014 and 2013.

(h) Compensated absences

It is the Authority's policy to permit employees to accumulate earned but unused annual and sick pay benefits. Employees may carry over annual leave up to forty days and an unlimited amount of sick leave. However, at the time of an employee's separation they are only paid for up to twenty days of annual leave and forty days of sick leave. The compensated absences policy of the Authority is consistent with the compensated absences policy of Jefferson Parish. At December 31, 2014 and 2013, compensated absences of $65 and $56 are included in other liabilities, respectively.

(i) 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.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable

(a) Cash, Cash Equivalents and Deposits

Cash deposits and cash equivalents of $968 and $2,894 at December 31, 2014 and 2013, respectively, are held in financial institutions.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(a) Cash, Cash Equivalents and Deposits (continued)

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. At December 31, 2014 and 2013, the Authority's deposits with banks consisted of cash of $63 and $52 and money market funds of $899 and $2,842. Of the cash balance at December 31, 2014 and 2013, $63 and $52 is covered by federal depository insurance. 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.

(b) Investments and Mortgage Loan Receivable

At December 31, 2014 and 2013, investments were held as specifically as 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 include, 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 Services 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.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) Investments and Mortgage Loan Receivable (continued)

The following are the components of the Authority's cash, investments, and mortgage loan receivable at December 31, 2014 and 2013 (in thousands):

	Unrestricted	Restricted	Total
2014			
Cash and cash equivalents	$ 687	$ 281	$ 968
Investments	5,149	15,465	20,614
Mortgage loan receivable	2,343	46,113	48,456
Total	$ 8,179	$ 61,859	$ 70,038
2013			
Cash and cash equivalents	$ 1,921	$ 973	$ 2,894
Investments	3,849	10,116	13,965
Mortgage loan receivable	2,239	68,611	70,850
Total	$ 8,009	$ 79,700	$ 87,709

The composition and carrying value of guaranteed investment contracts is as follows:

	2014 (in thousands)	2013 (in thousands)
Guaranteed Investment Contracts:		
2005A Program	-	588
2006B Program	7,506	699
2006C Program	206	99
2006D Program	197	309
2007B Program	212	405
2007C Program	212	525
	$ 8,333	$ 2,625

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) Investments and Mortgage Loan Receivable (continued)

Mortgage loan receivable for the 2006C, 2006D, 2007B, 2007C, 2008B and 2009ACF programs represents mortgage pass-through certificates (GNMA, FNMA, and FHLMC 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. In the 1991 Program, each mortgage loan purchased by the Authority is insured for mortgage default under various policies. Additionally, mortgage loans are insured under a master policy of supplemental mortgage insurance and under a master policy of special hazard insurance. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) *Investments and Mortgage Loan Receivable (continued)*

The fair values of GNMA and FNMA certificates and mortgage loans receivable at December 31 are as follows:

	2014 (in thousands)	2013 (in thousands)
GNMA Certificates:		
1991 Program	$ 1,265	$ 1,410
2005A Program	-	6,553
2006B Program	-	4,058
2006C Program	2,311	2,518
2006D Program	2,147	2,654
2007B Program	2,501	3,118
2007C Program	6,559	8,243
2008B Program	1,636	2,294
2009ACF Program	20,601	20,545
	37,020	51,393
FNMA Certificates:		
1991 Program	826	827
2005A Program	-	1,627
2006B Program	-	2,032
2007B Program	584	589
	1,410	5,075
FHLMC Certificates:		
1991 Program	252	-
2006B Program	-	2,312
2006C Program	3,996	4,346
2006D Program	1,801	2,632
2007B Program	2,796	3,483
2007C Program	1,181	1,607
	10,026	14,380
Mortgage Loans:		
1991 Program	-	2
	$ 48,456	$ 70,850

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) *Investments and Mortgage Loan Receivable (continued)*

Investments and Mortgage Loan Receivable – 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 loan 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 table shows the Authority's investments and mortgage loan receivable and the related maturities in actively managed accounts at December 31, 2014:

	Remaining Maturity in Years				
(in thousands)	Fair value	Less Than 1	1-5	5-10	>10
Mortgage- backed securities	$ 48,456	$ -	$ 1,078	$ -	$ 47,378
Fixed income investments	4,899	2,439	2,460	-	-
U.S. Treasury investments	7,378	7,127	251	-	-
Guaranteed investment contracts	8,333	-	-	-	8,333
Money market funds	898	898	-	-	-
Total	$ 69,964	$ 10,464	$ 3,789	$ -	$ 55,711

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.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) Investments and Mortgage Loan Receivable (continued)

Investments and Mortgage Loan Receivable – Interest Rate Risk (continued)

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

2006C Program	5.63%
2006D Program	5.34%
2007B Program	6.39%
2007C Program	6.36%
2008B Program	6.75%
2009ACF Program	3.50%

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.

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2014 (in thousands of dollars):

S&P Rating	Total	Mortgage-backed Securities	GIC
AAA	$ 48,456	$ 48,456	$ -
AA-	8,333	-	8,333
	$ 56,789	$ 48,456	$ 8,333

Failure of the financial institutions to meet minimum credit ratings requires the institutions to provide collateral to support the investment contract. At December 31, 2014, the GICs met the minimum credit ratings required by the Authority.

(2) Cash, Cash Equivalents, Investment Securities, and Mortgage Loan Receivable (continued)

(b) Investments and Mortgage Loan Receivable (continued)

Investments and Mortgage Loan Receivable- 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, note 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, 2014, management believes all investments held and purchased for the Authority's portfolio during 2014, 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.

(3) Bonds Payable

Bonds payable are as follows at December 31:

	2014 (in thousands)	2013 (in thousands)
Single Family Mortgage Revenue Refunding Bonds, Series 2004A dated June 17, 2004 – Bonds paid in full during 2014.	$ -	$ 7,495
Single Family Mortgage Revenue Refunding Bonds, Series 2005A dated July 21, 2005 - $275 due June 1, 2015 at 4.0%, $4,435 due December 1, 2035 at 4.65%, and $2,370 due June 1, 2036 at 5.55% (plus premium on bonds of $347)	7,277	8,142
Single Family Mortgage Revenue Refunding Bonds, Series 2006B dated July 26, 2006 - $2,250 due December 1, 2032 at 5.25%, $3,000 due June 1, 2037 at 4.60% (plus premium on bonds of $724)	5,974	7,975
Single Family Mortgage Revenue Refunding Bonds, Series 2006C dated October 31, 2006 - $3,040 due June 1, 2033 at 5.0%, and $1,995 due December 1, 2038 at 5.0% (plus premium on bonds of $518)	5,553	6,257
Single Family Mortgage Revenue Refunding Bonds, Series 2006D dated March 1, 2007 - $3,615 due June 1, 2038 at 5.0% (plus premium on bonds of $354)	3,969	5,984
Single Family Mortgage Revenue Refunding Bonds, Series 2007B dated June 1, 2007 - $5,135 due December 1, 2048 at 5.7% (plus premium on bonds of $419)	5,735	7,334
Single Family Mortgage Revenue Refunding Bonds, Series 2007C dated October 31, 2007 - $390 due December 1, 2017 at 4.25%, $1,395 due December 1, 2027 at 4.85%, $2,390 due June 1, 2039 at 5.70%, and $2,870 due December 1, 2039 at 5.50% (plus premium on bonds of $747)	7,792	10,132

(3) **Bonds Payable (continued)**

	2014 (in thousands)	2013 (in thousands)
Single Family Mortgage Revenue Refunding Bonds, Series 2008B dated November 10, 2008 - $1,450 due December 1, 2040 at 6.03% (plus premium on bonds of $226)	1,676	2,316
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011 - $19,540 due December 1, 2041 at 2.32%.	19,540	20,660
Total bonds payable	$ 57,516	$ 76,295

The Authority is in compliance with its bond covenants at December 31, 2014 and 2013.

The bonds in the 1991 Program (sold in 2002) are secured by an assignment and pledge of and security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interests in and to the agreement and (iii) all monies and securities held under the Trust Indentures, including monies in the funds and accounts created pursuant thereto (excluding certain monies representing excess investment earnings, if any, required to be remitted to the United States Government in accordance with the Trust Indentures).

Under the Trust Indentures, the Authority has the option to redeem bonds maturing on or after June 1, 2015 (2005A) at 101% of the then outstanding balance and subsequently lesser prices declining to par; June 1, 2016 (2006B) at 103.0% of the then outstanding balance and subsequently lesser prices declining to par; and June 1, 2016 (2006C) at 103% of the then outstanding balance and subsequently lesser prices declining to par.

Under the Trust Indentures for the 2007B, 2007C, 2008B, and 2009ACF programs, 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.

(3) Bonds Payable (continued)

A summary of scheduled bond maturities (in thousands) as of December 31, 2014 is as follows:

	2015	2016	2017	2018	2019	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	2045-2049	Premiums	Total
Principal:													
2005A Program	$ 125	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,805	$ -	$ -	$ 347	$ 7,277
2006B Program	-	-	-	-	-	-	-	2,250	3,000	-	-	724	5,974
2006C Program	-	-	-	-	-	-	-	3,040	1,995	-	-	518	5,553
2006D Program	-	-	-	-	-	-	-	-	3,615	-	-	354	3,969
2007B Program	-	-	-	-	-	-	-	-	-	-	5,316	419	5,735
2007C Program	-	-	390	-	-	-	1,395	-	5,260	-	-	747	7,792
2008B Program	-	-	-	-	-	-	-	-	-	1,450	-	226	1,676
2009ACF Program	1,940	1,830	1,660	1,480	1,360	5,250	3,560	2,460	-	-	-	-	19,540
Total due each year	2,065	1,830	2,050	1,480	1,360	5,250	4,955	7,750	20,675	1,450	5,316	3,335	57,516
Interest:													
2005A Program	343	338	338	338	338	1,689	1,689	1,689	469	-	-	-	7,231
2006B Program	256	256	256	256	256	1,281	1,281	1,044	414	-	-	-	5,300
2006C Program	252	252	252	252	252	1,259	1,259	955	399	-	-	-	5,132
2006D Program	181	181	181	181	181	904	904	904	723	-	-	-	4,340
2007B Program	303	303	303	303	303	1,515	1,515	1,515	1,515	1,515	1,211	-	10,301
2007C Program	378	378	378	362	362	1,809	1,673	1,470	1,470	-	-	-	8,280
2008B Program	87	87	87	87	87	437	437	437	437	87	-	-	2,270
2009ACF Program	467	422	381	345	312	1,157	653	306	-	-	-	-	4,043
Total due each year	2,267	2,217	2,176	2,124	2,091	10,051	9,411	8,320	5,427	1,602	1,211	-	46,897
Total due	$ 4,332	$ 4,047	$ 4,226	$ 3,604	$ 3,451	$ 15,301	$ 14,366	$ 16,070	$ 26,102	$ 3,052	$ 6,527	$ 3,335	$ 104,413

(3) Bonds Payable (continued)

The other 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.

The principal balance on defeased bonds outstanding at December 31 are as follows:

	2014	2013
1985 Program -		
(defeased by the 1994 "1985" Program)	$ 32,595,000	$ 32,595,000

(4) Net Position

The net position included in the 1991 Program, totaling $8,326,000 and $7,952,000 as of December 31, 2014 and 2013, respectively, are for the benefit 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.

(5) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 27, 2015, and determined there were no items requiring disclosure.

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION BY PROGRAM
(IN THOUSANDS)

AS OF DECEMBER 31, 2014
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Assets											
Cash and cash equivalents	$ 687	$ -	$ 1	$ -	$ 88	$ 82	$ 3	$ -	$ 10	$ 97	$ 968
Investment securities at fair value	5,149	-	7,132	7,507	206	197	212	211	-	-	20,614
Mortgage-backed securities	2,343	-	-	-	6,307	3,948	5,881	7,740	1,636	20,601	48,456
Accrued interest receivable	38	-	1	-	25	16	26	34	8	54	202
Other receivable	191	-	-	-	-	-	-	-	-	-	191
Total assets	$ 8,408	$ -	$ 7,134	$ 7,507	$ 6,626	$ 4,243	$ 6,122	$ 7,985	$ 1,654	$ 20,752	$ 70,431
Liabilities and Net Position											
Liabilities:											
Bonds payable, net	$ -	$ -	$ 7,278	$ 5,974	$ 5,553	$ 3,969	$ 5,734	$ 7,792	$ 1,676	$ 19,540	$ 57,516
Accrued interest payable	-	-	29	1,168	824	15	25	32	7	38	2,138
Other liabilities	172	-	-	-	-	-	-	-	-	-	172
Total liabilities	$ 172	$ -	$ 7,307	$ 7,142	$ 6,377	$ 3,984	$ 5,759	$ 7,824	$ 1,683	$ 19,578	$ 59,826
Net Position:											
Restricted for debt	$ -	$ -	$ (173)	$ 365	$ 249	$ 259	$ 363	$ 161	$ (29)	$ 1,174	$ 2,369
Unrestricted											
Undesignated	1,021	-	-	-	-	-	-	-	-	-	1,021
Designated	7,215	-	-	-	-	-	-	-	-	-	7,215
Total net position	8,236	-	(173)	365	249	259	363	161	(29)	1,174	10,605
Total liabilities and net position	$ 8,408	$ -	$ 7,134	$ 7,507	$ 6,626	$ 4,243	$ 6,122	$ 7,985	$ 1,654	$ 20,752	$ 70,431

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION BY PROGRAM (IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2014 (SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2004A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Operating revenues:											
Investment income on mortgage loans	$ 88	$ -	$ 612	$ 1,001	$ 320	$ 181	$ 321	$ 429	$ 94	$ 767	$ 3,813
Appreciation (depreciation) in market value of investments	(38)	(1)	(474)	(472)	98	38	13	(79)	(16)	1,162	231
Investment income on investment securities	79	6	66	5	13	19	7	9	-	-	204
Other revenue	176	-	-	-	-	-	-	-	-	-	176
Total operating revenues	305	5	204	534	431	238	341	359	78	1,929	4,424
Operating expenses:											
Interest on debt	-	(41)	324	230	225	184	319	373	87	467	2,168
Bond issuance costs and other costs	39	-	-	-	-	-	-	-	-	-	39
Servicing fees	-	-	6	33	31	20	30	40	9	102	271
Trustee fees	29	-	-	2	2	1	3	3	1	8	49
Other operating expenses	936	-	-	-	-	-	-	-	-	-	936
Total operating expenses	1,004	(41)	330	265	258	205	352	416	97	577	3,463
Change in net assets before other financing sources (uses)	(699)	46	(126)	269	173	33	(11)	(57)	(19)	1,352	961
Other financing sources (uses)											
Operating transfers	983	(25)	(676)	(28)	(20)	(13)	(16)	(27)	(3)	(175)	-
Change in net assets	284	21	(802)	241	153	20	(27)	(84)	(22)	1,177	961
Net position at beginning of the year	7,952	(21)	629	124	96	239	390	245	(7)	(3)	9,644
Net position at end of the period	$ 8,236	$ -	$ (173)	$ 365	$ 249	$ 259	$ 363	$ 161	$ (29)	$ 1,174	$ 10,605

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM
(IN THOUSANDS)

FOR THE YEAR ENDED DECEMBER 31, 2014
(SEE ACCOMPANYING INDEPENDENT AUDITORS' REPORT)

	1991 Program	2004 A Program	2005A Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	Total
Cash flows from operating activities:											
Cash receipts for:											
Investment income on mortgage loans	$ 81	$ -	$ 606	$ 1,037	$ 323	$ 188	$ 329	$ 439	$ 94	$ 767	$ 3,864
Investment income on investment securities	79	6	100	5	13	19	7	9	3	2	243
Other revenue	41	-	-	-	-	-	:	-	-	-	41
Cash payments for:											
Interest on debt	-	8	(364)	(170)	(185)	(223)	(352)	(463)	(108)	(470)	(2,327)
Servicing fees	-	-	-	(33)	(31)	(20)	(30)	(40)	(9)	(102)	(265)
Other operating expenses	(976)	-	-	(2)	(2)	(1)	(3)	(3)	(1)	(8)	(996)
Net cash provided by (used in) operating activities	(775)	14	342	837	118	(37)	(49)	(58)	(21)	189	560
Cash flows from noncapital financing activities:											
Bonds payments	-	(7,495)	(827)	(1,932)	(647)	(1,984)	(1,575)	(2,260)	(622)	(1,120)	(18,462)
Operating transfers	983	(25)	(676)	(28)	(20)	(13)	(16)	(27)	(3)	(175)	-
Net cash provided by (used in) noncapital financing activities	983	(7,520)	(1,503)	(1,960)	(667)	(1,997)	(1,591)	(2,287)	(625)	(1,295)	(18,462)
Cash flows from investing activities:											
Proceeds from sale of investment securities	-	7,488	-	-	-	111	194	314	-	-	8,107
Proceeds from mortgage loan repayments	-	-	7,706	7,930	655	1,376	1,322	2,031	642	1,106	22,768
Acquisition of investment securities	(1,338)	-	(6,544)	(6,807)	(106)	-	-	-	-	-	(14,795)
Acquisition of mortgage loans	(104)	-	-	-	-	-	-	-	-	-	(104)
Net cash provided by (used in) investing activities	(1,442)	7,488	1,162	1,123	549	1,487	1,516	2,345	642	1,106	15,976
Net increase (decrease) in cash and cash equivalents	(1,234)	(18)	1	-	-	(547)	(124)	-	(4)	-	(1,926)
Cash and cash equivalents at beginning of period	1,921	18	-	-	88	629	127	-	14	97	2,894
Cash and cash equivalents at end of year	$ 687	$ -	$ 1	$ -	$ 88	$ 82	$ 3	$ -	$ 10	$ 97	$ 968
Reconciliation of changes in net position to net cash used in operating activities:											
Changes in net position	$ (699)	$ 46	$ (126)	$ 269	$ 173	$ 33	$ (11)	$ (57)	$ (19)	$ 1,352	$ 961
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:											
Amortization of bond premium	-	-	(37)	(69)	(57)	(31)	(25)	(80)	(18)	-	(317)
Unrealized (gains) losses on investments	38	1	474	472	(98)	(38)	(13)	-79	16	(1,162)	(231)
Changes in assets and liabilities:											
(Increase) decrease in accrued interest *and other receivables*	(142)	-	34	36	3	7	8	10	3	2	(39)
Increase in other liabilities	28	-	-	-	-	-	-	-	-	-	28
Increase (decrease) in accrued interest payable	-	(33)	(3)	129	97	(8)	(8)	(10)	(3)	(3)	158
Net cash provided by (used in) operating activities	$ (775)	$ 14	$ 342	$ 837	$ 118	$ (37)	$ (49)	$ (58)	$ (21)	$ 189	$ 560

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF BOARD MEMBERS' COMPENSATION

FOR THE YEAR ENDED DECEMBER 31, 2014

The members of the Authority's 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, 2014, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Board Per Diems	Extra Approved Per Diems	2014 Total
Berthelot, Jackie	49	15	64
Boyter, Mitchell	33	2	35
DiMarco, Dennis	43	6	49
Drawe, Michael F.	46	10	56
Faia, Gregory	37	6	43
Lawson, Arthur S.	6	2	8
Lawson, James E.	33	9	42
Muscarello, Frank L.	51	12	63
Woodruff, Ebony	36	4	40
Schudmak, Sam	10	0	10

Per Diem Payments:

	2014
Berthelot, Jackie	$ 9,600
Boyter, Mitchell	5,250
DiMarco, Dennis	7,350
Drawe, Michael F.	8,400
Faia, Gregory	6,450
Lawson, Arthur S.	1,200
Lawson, James E.	6,300
Muscarello, Frank L.	9,450
Woodruff, Ebony	6,000
Schudmak, Sam	1,500
	$ 61,500

See accompanying independent auditors' report.

JEFFERSON PARISH FINANCE AUTHORITY

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

FOR THE YEAR ENDED DECEMBER 31, 2014

Agency Head Name: Terry McCarthy, Executive Director

Purpose	Amount
Salary	$121,993.22
Benefits-insurance	3,000.00
Benefits-retirement	12,040.45
Benefits	-
Car allowance	11,086.08
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	525.00
Conference travel	2,040.83
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	$150,685.58

See accompanying independent auditors' report.

P&N Postlethwaite & Netterville

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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 Jefferson Parish Finance Authority (the Authority), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 27, 2015.

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 to determine the auditing 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 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 significant deficiencies, or material weaknesses. 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.

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Compliance and Other Matters

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

Purpose of this report

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

Postlethwaite + Netterville

Metairie, Louisiana
March 27, 2015

JEFFERSON PARISH FINANCE AUTHORITY

FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

JEFFERSON PARISH FINANCE AUTHORITY

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INDEPENDENT AUDITOR’S REPORT

Camnetar & Co., CPAs
a professional accounting corporation
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Edward L. Camnetar, Jr., CPA
Orfelinda G. Richard, CPA
Jamie G. Rogers, CPA

Members: American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants

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 year ended December 31, 2016, 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 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.

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 1-7 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* is presented for purposes of additional analysis and is 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* are the responsibility of management and was 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* is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2017, 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 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 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.

Prior Period Financial Statements

The financial statements of the Authority as of December 31, 2015, were audited by other auditors whose report dated April 11, 2016, expressed an unmodified opinion on those statements.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
April 7, 2017

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, 2016 and 2015, 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.

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 $18,968 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 $19,846 thousand primarily due to the redemption of bonds in the fiscal year.

FINANCIAL HIGHLIGHTS (Continued)

2015

The Authority's net position represents 17% of its total assets. With total assets approximating $56 Million, the Authority has a decrease in net position of approximately $879 thousand for the year ended December 31, 2015.

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 received its first loan in January 2015. JMAP and SMAP were merged in September 2015 with SMAP as the current name of the program. In 2015, the programs had $185 thousand in revenues and $80 thousand in expenses.

- The Authority's net position decreased by $879 thousand due primarily to decrease in investment income depreciation in fair value of investments.

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

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-1) 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-1
(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)

Net Position

2015

The Authority's total net position at December 31, 2015, decreased to $9,726, a decrease of 8% from December 31, 2014. (See Table A-2) Total assets decreased by $14,055 due primarily to a decrease in mortgage-backed securities of $7,884 and decrease in investment securities at fair value of $6,299. During 2015 the Authority liquidated investments in the bond program 2005A in the amount of $7,131. Liabilities decreased by $13,176 due to the decrease in bonds payable of $13,405, with an offset by an increase in other liabilities of $229.

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

	2015	2014	Increase (Decrease)
Cash and cash equivalents	$ 917	$ 968	$ (51)
Investments	14,315	20,614	(6,299)
Mortgage-backed securities	40,572	48,456	(7,884)
Other assets	572	393	179
Total assets	$ 56,376	$ 70,431	$ (14,055)
Other liabilities	$ 2,539	$ 2,310	$ 229
Bonds payable	44,111	57,516	(13,405)
Total liabilities	46,650	59,826	(13,176)
Net position			
Restricted for debt	1,769	2,369	(600)
Unrestricted			
Undesignated	1,141	1,021	120
Designated	6,816	7,215	(399)
Total net position	9,726	10,605	(879)
Total liabilities and net position	$ 56,376	$ 70,431	$ (14,055)

FINANCIAL ANALYSIS (Continued)
Changes in Net Position

2016

As seen in Table A-3, operating revenues increased by 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-3
(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-4, 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-4
(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)

FINANCIAL ANALYSIS (Continued)
Changes in Net Position

2015
As seen in Table A-5, total operating revenues decreased by 66% to $1,501. This decrease in revenue is primarily due to the decrease in investment income on mortgage loans and depreciation in fair value on investments. Investment income on mortgage loan decreased due to the liquidation of the 2005A investments and market conditions.

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

	2015	2014	Increase (Decrease)
Operating revenues			
Investment income on mortgage loans	$ 1,934	$ 3,813	$ (1,879)
(Depreciation) appreciation in fair market value of investments in mortgage backed securities	(719)	231	(950)
Investment income on investment securities	101	204	(103)
Other	185	176	9
Total operating revenues	1,501	4,424	(2,923)
Operating expenses	2,380	3,463	(1,083)
Change in net position	(879)	961	(1,840)
Total net position, beginning of the year	10,605	9,644	961
Total net position, end of the year	$ 9,726	$ 10,605	$ (879)

As seen in Table A-6, total operating expenses decreased due to $783 less of interest payments on debt in 2015 than in 2014. The decrease in interest payments on debt is due to the roll-up of bond program 2005A. Other expense decreased due to $297 in expenses related to roll-up bond programs were incurred in 2014, and only $25 in expenses related to the continuation of the roll-up of bond program 2006B incurred in 2015

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

	2015	2014	Increase (Decrease)
Interest on debt	$ 1,385	$ 2,168	$ 783
Bond issuance costs and other costs	80	39	(41)
Bond retirement costs	-		
Servicing fees	202	271	69
Trustee fees	53	49	(4)
Other operating expenses	660	936	276
Total operating expenses	$ 2,380	$ 3,463	$ 1,083

DEBT ADMINISTRATION

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.

2015

Total indebtedness for bonds payable was $44 million as of December 31, 2015, compared to $58 million at December 31, 2014. The decrease in bonds payable is the result of payoff of the 2005A program during fiscal year 2015. All bond debt and lease 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 2016 the JPFA cancelled the agreement with the Calcasieu Parish Public Trust Authority to offer its SMAP program in the parishes of Allen, Beauregard, Calcasieu, Cameron, and Jefferson Davis, due to lack of interest and low productivity in the SMAP program in those areas.

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, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 1,164	$ 917
Investment securities at fair value	12,747	14,315
Mortgage-backed securities	22,885	40,572
Accrued interest receivable	112	180
Down payment assistance and other receivables	500	392
Total Assets	$ 37,408	$ 56,376
Liabilities and Net Position		
Liabilities		
Bonds payable	$ 25,278	$ 41,375
Premium on bonds payable	1,178	2,736
Accrued interest payable	75	2,325
Other liabilities	273	214
Total Liabilities	26,804	46,650
Net Position		
Restricted for debt	1,681	1,769
Unrestricted		
Undesignated	968	1,141
Designated	7,955	6,816
Total Net Position	10,604	9,726
Total Liabilities and Net Position	$ 37,408	$ 56,376

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, 2016 and 2015

	2016	2015
Operating Revenues		
Investment income on mortgage loans	$ 2,656	$ 1,934
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(1,001)	(719)
Investment income on investment securities	176	101
JMAP and SMAP revenue	181	185
Gain on bond premium recognized on early debt retirement	1,144	-
Other revenue	11	-
Total Operating Revenues	3,167	1,501
Operating Expenses		
Interest on debt	1,138	1,385
Bond issuance costs and other costs	-	80
Bond retirement costs	285	25
Servicing fees	152	202
Trustee fees	46	53
Other operating expenses	668	635
Total Operating Expenses	2,289	2,380
Change in Net Position	878	(879)
Net Position at the Beginning of the Year	9,726	10,605
Net Position at theEnd of the Year	$ 10,604	$ 9,726

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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Cash receipts for:		
Investment income on mortgage loans	$ 2,742	$ 1,950
Investment income on investment securities	161	107
JMAP and SMAP income	181	185
Jefferson Parish Community Development Program	107	-
Other revenue	11	-
Cash payments for:		
Down payment assistance	(108)	(201)
Interest on debt	(3,566)	(1,515)
Bond retirement costs	(285)	-
Servicing fees	(152)	(202)
Trustee fees	(46)	-
Other operating expenses	(716)	(751)
Net cash (used in) provided by operating activities	(1,671)	(427)
Cash flows from noncapital financing activities		
Bond principal payments	(16,096)	(13,088)
Bond premium transferred at redemption	(240)	-
Net cash (used in) provided by noncapital financing activities	(16,336)	(13,088)
Cash flows from investing activities		
Proceeds from sale of investment securities	15,791	14,786
Proceeds from sale of mortgage backed securities	12,721	-
Proceeds from mortgage loan repayments	3,986	7,186
Acquisition of investment securities	(14,244)	(1,084)
Acquisition of mortgage loans	-	(7,424)
Net cash (used in) provided by investing activities	18,254	13,464
Net (decrease) increase in cash and cash equivalents	247	(51)
Cash and cash equivalents at beginning of the year	917	968
Cash and cash equivalents at the end of the year	$ 1,164	$ 917
Reconciliation of changes in net position to net cash used in operating activities		
Changes in net position	$ 878	$ (879)
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:		
Amortization of bond premium and discount	(174)	(317)
Bond premium recognized on early debt retirement	(1,144)	-
(Depreciation) appreciation in investments and mortgage backed securities	1,001	719
(Increase) decrease in assets:		
Change in accrued interest receivable	68	(179)
Change in down payment assistance receivable	(108)	-
Increase (decrease) in liabilities:		
Change in accrued expenses and accounts payable	(48)	42
Change in accrued interest payable	(2,251)	187
Change in due to Jefferson Parish Community Development	107	-
Net cash (used in) provided by operating activities	$ (1,671)	$ (427)

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 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 2005A and 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 2015, the 2005A investments matured and the proceeds were used to redeem the bonds in full. 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. The Authority has plans to sell the investments and retire the 2007C bond in June of 2017.

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.

The Authority's accounts are organized into a single propriety 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.

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

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

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 Issuance Costs

Bond issuance cost, including underwriters' discounts on bonds sold, are expensed as incurred.

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.

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, 2016 and 2015.

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

Estimates

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

Compensated Absences

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

At December 31, 2016, the amount of compensated absence liability recorded by the Authority was $74 thousand.

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

Cash, Cash Equivalents and Deposits

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

At December 31, 2016, the Authority had no cash deposits at a local bank in excess of FDIC (Federal Deposit Insurance Corporation) coverage.

Investments and Mortgage Loan Receivable

At December 31, 2016 and 2015, 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 include, 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.

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

Components of Cash, Investments, and Mortgage loan receivable

The following are the components of the Authority's cash, investments, and mortgage loan receivable at December 31, 2016 and 2015 (in thousands):

	Unrestricted	Restricted	Total
2016			
Cash and cash equivalents	$ 546	$ 618	$ 1,164
Investments	6,815	5,932	12,747
Mortgage loan receivable	1,194	21,691	22,885
	$ 8,555	$ 28,241	$ 36,796
2015			
Cash and cash equivalents	361	556	917
Investments	5,973	8,342	14,315
Mortgage loan receivable	1,408	39,164	40,572
	$ 7,742	$ 48,062	$ 55,804

Components of Cash

The following are the components of the Authority's cash and cash equivalents by program at December 31, 2016 and 2015 (in thousands):

	2016 (in thousands)			2015 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Cash & Cash Equivalents						
1991 Program	$ 539	$ -	$ 539	$ 361	$ -	$ 361
2006C Program	-	-	-	-	88	88
2006D Program	-	391	391	-	82	82
2007B Program	-	2	2	-	3	3
2007C Program	-	26	26	-	-	-
2008B Program	-	10	10	-	9	9
2009ACF Program	-	82	82	-	374	374
HOME Program	7	107	114	-		-
Total Cash & Cash Equivalents	$ 546	$ 618	$ 1,164	$ 361	$ 556	$ 917

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

Components of Unrestricted Investments

The following are the components of the Authority's unrestricted investments, reported at fair value, by program at December 31, 2016 and 2015 (in thousands):

	2016 (in thousands)			2015 (in thousands)			
	US Treasury Notes	Municipal Bonds	Total	US Treasury Notes/Bills	Federal Home Loan Bank	Municipal Bonds	Total
Unrestricted Investments							
1991 Program	$ 250	$ 6,565	$ 6,815	$ 251	$ 153	$ 5,569	$ 5,973

Components of Restricted Investments

The following are the components of the Authority's restricted investments, reported at fair value, by program at December 31, 2016 and 2015 (in thousands):

	2016 (in thousands)			2015 (in thousands)		
	Guranteed Investment Contracts	US Treasury Bills	Total	Guranteed Investment Contracts	US Treasury Bills	Total
Restricted Investments						
2006B Program	$ -	$ -	$ -	$ 7,425	$ -	$ 7,425
2006C Program	-	-	-	364	-	364
2006D Program	-	-	-	172	-	172
2007B Program	145	-	145	89	-	89
2007C Program	3,000	2,787	5,787	292	-	292
Total Restricted Investments	$ 3,145	$ 2,787	$ 5,932	$ 8,342	$ -	$ 8,342

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

Components of Mortgage Loan Receivable

The following are the components of the Authority's mortgage-backed securities, reported at fair value, by program at December 31, 2016 and 2015 (in thousands):

	2016 (in thousands)			2015 (in thousands)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Mortgage Receivable						
GNMA Certificates						
1991 Program	$ 842	$ -	$ 842	$ 1,059	$ -	$ 1,059
2006C Program	-	-	-	-	2,095	2,095
2006D Program	-	-	-	-	1,832	1,832
2007B Program	-	1,749	1,749	-	2,145	2,145
2007C Program	-	-	-	-	5,084	5,084
2008B Program	-	1,416	1,416	-	1,459	1,459
2009ACF Program	-	16,314	16,314	-	18,062	18,062
	842	19,479	20,321	1,059	30,677	31,736
FNMA Certificates						
1991 Program	100	-	100	99	-	99
2007B Program	-	412	412	-	578	578
	100	412	512	99	578	677
FHLMC Certificates						
1991 Program	252	-	252	250	-	250
2006C Program	-	-	-	-	3,132	3,132
2006D Program	-	-	-	-	1,279	1,279
2007B Program	-	1,800	1,800	-	2,354	2,354
2007C Program	-	-	-	-	1,144	1,144
	252	1,800	2,052	250	7,909	8,159
Total Mortgage Receivable	$ 1,194	$ 21,691	$ 22,885	$ 1,408	$ 39,164	$ 40,572

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

Components of Mortgage Loan Receivable (Continued)

Mortgage loan receivable for 2007B, 2007C, 2008B and 2009ACF programs represents mortgage pass-through certificates (GNMA, FNMA, and FHLMC 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. rendered.

Investments and Mortgage Loan Receivable- 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 loan 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, 2016:

	Remaining Maturity in Years				
	Fair Value	Less Than 1	1-5	5-10	>10
	(in thousands)				
Investments & Mortgage Loan Receivable					
U.S. Treasury Notes & Bills	$ 3,037	$ 2,787	$ 250	$ -	$ -
Municipal Bonds	6,565	-	6,565	-	-
Guaranteed investment contracts	3,145	3,000	145	-	-
Mortgage-backed securities	22,885	-	-	-	22,885
	$ 35,632	$ 5,787	$ 6,960	$ -	$ 22,885

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

Investments and Mortgage Loan Receivable- 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
2006C Program	5.13%
2006D Program	5.34%
2007B Program	6.89%
2007C Program	5.86%
2008B Program	6.25%
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.

The following table provides information on the credit ratings associated with the Authority's investments in debt securities at December 31, 2016. (in thousands of dollars):

S&P Rating	Total	Mortgage-backed Securities	GIC
AAA	$ 22,885	$ 22,885	$ -
AA-	3,145	-	3,145
	$ 26,030	$ 22,885	$ 3,145

Failure of the financial institutions to meet minimum credit ratings requires the institutions to provide collateral to support the investment contract. At December 31, 2016, the GICs met the minimum credit ratings required by the Authority.

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

Investments and Mortgage Loan Receivable-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, 2016, management believes all investments held and purchased for the Authority's portfolio during 2016, 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:

	2016	2015
Single Family Mortgage Revenue Refunding Bonds, Series 2006B dated July 26, 2006 - $2,250 due December 1, 2032 at 5.25%, and $3,000 due June 1, 2037 at 4.60% (plus premium on bonds of $661)	$ -	$ 5,911
Single Family Mortgage Revenue Refunding Bonds, Series 2006C dated October 31, 2006 - $3,040 due June 1, 2033 at 5.0%, and $1,995 due December 1, 2038 at 5.0% (plus premium on bonds of $468)	-	4,608
Single Family Mortgage Revenue Refunding Bonds, Series 2006D dated March 1, 2007 - $3,615 due June 1, 2038 at 5.0% (plus premium on bonds of $326)	-	3,191

Note 3. Bonds Payable(Continued)

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	4,901
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	6,472
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	1,498
Single Family Mortgage Revenue Refunding Bonds, Series 2009ACF dated November 22, 2011- $15,560 due December 1, 2041 at 2.32%.	$ 15,560	17,530
Total bonds payable and premium on bonds payable	$ 26,456	$ 44,111

The Authority is in compliance with its bond covenants at December 31, 2016 and 2015.

The bonds in the 1991 Program (sold in 2002) are secured by an assignment and pledge of and security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interest in and to the agreement and (iii) all monies and securities held under the Trust Indentures, including monies in the funds and accounts created pursuant thereto (excluding certain monies representing excess investment earnings, if any required to be remitted to the United States Government in accordance with the Trust Indentures).

Under the Trust Indentures for the 2007B, 2007C, 2008B, and 2009ACF programs, 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.

Note 3. Bonds Payable(Continued)

A summary of scheduled bond maturities (in thousands) as of December 31, 2016, is as follows:

	2017	2018	2019	2020	2021	2022 - 2026	2027 - 2031	2032 - 2036	2037 - 2041	2042 - 2046	2047 - 2051	Total
Principal:												
2007B Program	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,495	$ 3,495
2007C Program	110	-	-	-	-	-	1,395	-	3,460	-	-	4,965
2008B Program	-	-	-	-	-	-	-	-	1,258	-	-	1,258
2009ACF Program	969	1,669	1,630	1,592	1,555	7,251	894		-	-	-	15,560
Total due each year	1,079	1,669	1,630	1,592	1,555	7,251	2,289	-	4,718	-	3,495	25,278
Interest												
2007B Program	199	199	199	199	199	995	995	995	995	995	398	6,368
2007C Program	264	259	259	259	259	1,296	1,025	957	574	-	-	5,152
2008B Program	76	76	76	76	76	379	379	379	303	-	-	1,820
2009ACF Program	361	339	300	262	225	601	21		-	-	-	2,109
Total due each year	1,631	1,579	1,546	1,516	1,516	7,212	6,542	5,377	3,723	1,284	770	32,851
Total due	$ 2,710	$ 3,248	$ 3,176	$ 3,108	$ 3,071	$ 14,463	$ 8,831	$ 5,377	$ 8,441	$ 1,284	$ 4,265	$ 58,129

The other 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.

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

	2016	2015
1985 Program - (Defeased by the 1994 "1985" Program)	$ 32,595	$ 32,595

Note 4. Net Position

The net position included in the 1991 Program, totaling $8,923 thousand and $7,957 thousand as of December 31, 2016 and 2015, 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) $425.3 and $389.9 for the years ended December 31, 2016 and 2015, respectively.

As of December 31, 2016 and 2015, the Authority had other liabilities due to the Parish of Jefferson for the employee expenses in the amount of (in thousands) $51 and $49 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, 2016 and 2015, respectively.

The Authority pays the Parish of Jefferson for security. The amounts (in thousands) were $5 and $7 for years ended December 31, 2016 and 2015, respectively.

During the year 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.

Note 6. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 7, 2017, and determined there were no items requiring disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 1
SCHEDULE OF ASSETS, LIABILITIES, AND NET POSITION BY PROGRAM
(In Thousands)
As of December 31, 2016

	1991 Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	HOME Program	Total
Assets										
Cash and cash equivalents	$ 539	$ -	$ -	$ 391	$ 2	$ 26	$ 10	$ 82	$ 114	$ 1,164
Investment securities at fair value	6,815	-	-	-	145	5,787	-	-	-	12,747
Mortgage-backed securities	1,194	-	-	-	3,961	-	1,416	16,314	-	22,885
Accrued interest receivable	41	-	-	-	18	4	7	42	-	112
Down payment assistance and other receivables	500	-	-	-	-	-	-	-	-	500
Total Assets	$ 9,089	$ -	$ -	$ 391	$ 4,126	$ 5,817	$ 1,433	$ 16,438	$ 114	$ 37,408
Liabilities and Net Position										
Liabilities										
Bonds payable	$ -	$ -	$ -	$ -	$ 3,495	$ 4,965	$ 1,258	$ 15,560	$ -	$ 25,278
Premium on bonds payable	-	-	-	-	372	613	193	-	-	1,178
Accrued interest payable	-	-	-	-	17	22	6	30	-	75
Other liabilities	166	-	-	-	-	-	-	-	107	273
Total Liabilities	166	-	-	-	3,884	5,600	1,457	15,590	107	26,804
Net Position										
Restricted for debt	-	-	-	392	241	218	(25)	848	7	1,681
Unrestricted										
Undesignated	968	-	-	-	-	-	-	-	-	968
Designated	7,955	-	-	-	-	-	-	-	-	7,955
Total Net Position	8,923	-	-	392	241	218	(25)	848	7	10,604
Total Liabilities and Net Position	$ 9,089	$ -	$ -	$ 392	$ 4,125	$ 5,818	$ 1,432	$ 16,438	$ 114	$ 37,408

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, 2016

	1991 Program	2006B Program	2006C Program	2006D Program	2007B Program	2007C Program	2008B Program	2009ACF Program	HOME Program	Total
Operating Revenues										
Investment income on mortgage loans	$ 60	$ -	$ 390	$ 387	$ 221	$ 889	$ 85	$ 624	$ -	$ 2,656
(Depreciation) appreciation in fair market value of investments and mortgage backed securities	(57)	-	(294)	(176)	(3)	(386)	(10)	(75)	-	(1,001)
Investment income on investment securities	84	20	31	27	5	9	-	-	-	176
JMAP and SMAP revenue	181	-	-	-	-	-	-	-	-	181
Bond premium recognized on early debt retirement	-	568	383	193	-	-	-	-	-	1,144
Other revenue	2	-	-	-	-	-	-	-	9	11
Total Operating Revenues	270	588	510	431	223	512	75	549	9	3,167
Operating Expenses										
Interest on debt	-	82	66	102	218	224	61	385	-	1,138
Bond retirement costs	-	-	115	95	-	75	-	-	-	285
Servicing fees	-	-	2	13	21	25	7	84	-	152
Trustee fees	33	-	-	-	2	2	-	7	2	46
Other operating expenses	668	-	-	-	-	-	-	-	-	668
Total Operating Expenses	701	82	183	210	241	326	68	476	2	2,289
Change in net assets before other financing sources (uses)	(431)	506	327	221	(18)	186	7	73	7	878
Other financing sources (uses)										
Operating transfers	1,397	(717)	(500)	(5)	(11)	(18)	(2)	(144)	-	-
Change in Net Assets	966	(211)	(173)	216	(29)	168	5	(71)	7	878
Net Position at Beginning of Year	7,957	211	173	176	270	50	(30)	919	-	9,726
Net Position at End of Year	$ 8,923	$ -	$ -	$ 392	$ 241	$ 218	$ (25)	$ 848	$ 7	$ 10,604

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 3
STATEMENTS OF CASH FLOWS BY PROGRAM
(In Thousands)
For the Year Ended December 31, 2016

	1991 Program	2006B Program	2006C 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	$ 56	$ 23	$ 412	$ 400	$ 224	$ 913	$ 85	$ 629	$ -	$ 2,742
Investment income on investment securities	84	-	31	27	10	9	-	-	-	161
JMAP and SMAP income	181	-	-	-	-	-	-	-	-	181
Jefferson Parish Community Development Program									107	107
Other revenue	2		-	-	-	-	-	-	9	11
Cash payments for:										
Down payment assistance	(108)	-	-	-	-	-	-	-	-	(108)
Interest on debt	-	(1,413)	(1,006)	(139)	(249)	(293)	(77)	(389)	-	(3,566)
Bond retirement costs			(115)	(95)	-	(75)	-	-	-	(285)
Servicing fees	-	-	(2)	(13)	(21)	(25)	(7)	(84)	-	(152)
Trustee fees	(33)	-	-	-	(2)	(2)	-	(7)	(2)	(46)
Other operating expenses	(716)	-	-	-	-	-	-	-	-	(716)
Net cash (used in) provided by operating activities	(534)	(1,390)	(680)	180	(38)	527	1	149	114	(1,671)
Cash flows from noncapital financing activities:										
Bond principal payments	-	(5,250)	(4,140)	(2,865)	(1,010)	(830)	(31)	(1,970)	-	(16,096)
Bond premium transferred at redemption	-	(67)	(65)	(108)	-	-	-	-	-	(240)
Operating transfers	1,397	(717)	(500)	(5)	(11)	(18)	(2)	(144)	-	-
Net cash (used in) provided by noncapital financing activities	1,397	(6,034)	(4,705)	(2,978)	(1,021)	(848)	(33)	(2,114)	-	(16,336)
Cash flows from investing activities										
Proceeds from sale of investment securities	2,210	7,424	364	3,484	1,137	1,172	-	-	-	15,791
Proceeds from sale of mortgage backed securities			4,722	2,790	-	5,209	-	-	-	12,721
Proceeds from mortgage loan repayments	178		211	146	1,114	631	33	1,673	-	3,986
Acquisition of investment securities	(3,073)			(3,313)	(1,193)	(6,665)	-	-	-	(14,244)
Net cash (used in) provided by investing activities	(685)	7,424	5,297	3,107	1,058	347	33	1,673	-	18,254
Net (decrease) increase in cash and cash equivalents	178	-	(88)	309	(1)	26	1	(292)	114	247
Cash and cash equivalents at beginning of the year	361	-	88	82	3	-	9	374		917
Cash and cash equivalents at the end of the year	$ 539	$ -	$ -	$ 391	$ 2	$ 26	$ 10	$ 82	$ 114	$ 1,164
Reconciliation of changes in net position to net cash used in operating activities:										
Changes in net position	$ (431)	$ 506	$ 327	$ 221	$ (18)	$ 186	$ 7	$ 73	$ 7	$ 878
Adjustments to reconcile changes in net position to net cash provided by (used in) operating activities:										
Amortization of bond premium and discount	-	(25)	(20)	(25)	(23)	(65)	(16)	-	-	(174)
Bond premium recognized on early debt retirement	-	(568)	(383)	(193)	-	-	-	-	-	(1,144)
(Depreciation) appreciation in investments and mortgage backed securities	57	-	294	176	3	386	10	75	-	1,001
(Increase) decrease in assets:										
Change in accrued interest receivable	(4)	3	22	13	5	24	-	5	-	68
Change in down payment assistance receivable	(108)	-		-	-	-	-	-	-	(108)
Increase (decrease) in liabilities:										
Change in accrued expenses and accounts payable	(48)	-		-	-	-	-	-	-	(48)
Change in accrued interest payable	-	(1,306)	(920)	(12)	(5)	(4)	-	(4)	-	(2,251)
Change in due to Jefferson Parish Community Development	-	-	-	-	-	-	-	-	107	107
Net cash (used in) provided by operating activities	$ (534.0)	$ (1,390.0)	$ (680.0)	$ 180.0	$ (38.0)	$ 527.0	$ 1.0	$ 149.0	$ 114.0	$ (1,671.0)

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 4
SCHEDULE OF OPERATING EXPENSES
(In Thousands)
For the Years Ended December 31, 2016 and 2015

	2016	2015
Operating Expenses		
Advertising	$ 26.4	$ 26.2
Auto Expense	11.7	11.7
Computer Expense	2.7	3.2
Dues and Subscriptions	2.3	0.9
Education and Seminars	2.8	5.7
Insurance	52.7	48.9
Miscellaneous Expense	2.1	1.2
Office Expense	2.6	3.5
Pension and Retirement	47.6	48.6
Postage	0.9	1.0
Professional Fees	94.1	92.6
Rent	19.6	19.5
Salaries and Wages	325.8	292.6
Telephone	3.1	2.9
Travel	8.6	9.9
State Bond Commission Fee	-	(7.5)
Capital Acquisitions	2.0	5.4
Security	4.6	6.7
Board Per Diem	58.1	62.7
Total Operating Expenses	$ 667.7	$ 635.7

JEFFERSON PARISH FINANCE AUTHORITY
SCHEDULE 5
SCHEDULE OF BOARD MEMBERS' COMPENSATION
For the Year Ended December 31, 2016

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, 2016, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Board Per Diems	Extra Approved Per Diems	2016 Total
Berthelot, Jackie	42	6	48
Boyter, Mitchell	46	5	51
DiMarco, Dennis	38	9	47
Drawe, Michael F.	4	0	4
Faia, Gregory	43	10	53
Muscarello, Frank L.	46	8	54
Planer, Marcy L.	39	0	39
Schudmak III, Sam	42	1	43
Simmons, Dalton	43	5	48

Per Diem Payment:

	2016
Berthelot, Jackie	$ 7,200
Boyter, Mitchell	7,650
DiMarco, Dennis	7,050
Drawe, Michael F.	600
Faia, Gregory	7,950
Muscarello, Frank L.	8,100
Planer, Marcy L.	5,850
Schudmak III, Sam	6,450
Simmons, Dalton	7,200
	$ 58,050

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, 2016

Agency Head	**Terry McCarthy**
Purpose	**Amount**
Salary	$ 134,743
Benefits-Medical Insurance	3,000
Benefits-Retirement	19,911
Benefits-Life Insurance	108
Benefits-Other	371
Car Allowance	11,086
Vehicle Provided by Government	-
Per Diem	-
Reimbursements	505
Conference Travel	1,453
Registration Fees	625
Travel-Other Meetings	3,137
Continuing Professional Education Fees	-
Unvoucherd Expense	-
	$ 174,939

COMPLIANCE SECTION

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a professional accounting corporation
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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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 7, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
April 7, 2017

We have audited the financial statements of Jefferson Parish Finance Authority (the Authority) as of and for the year ended December 31, 2016, and have issued our report thereon dated April 7, 2017. 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, 2016, 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, 2016, 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. Significant Deficiencies

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

Attachment E

Original and Amended Employment Agreement with Executive Director, Terry McCarthy

EMPLOYMENT AGREEMENT

BETWEEN

THE JEFFERSON PARISH FINANCE AUTHORITY AND

TERRY MCCARTHY

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 5th day of May, 2009, by and between The Jefferson Parish Finance Authority, a public trust and public corporation created for the benefit of the Parish of Jefferson, State of Louisiana (the "Authority"), and Terry McCarthy (the "General Manager/Executive Director").

W I T N E S E T H:

WHEREAS, the General Manager/Executive Manager desires to become employed by the Authority, and the Authority believes that the General Manager/Executive Director would be a valuable employee and desires to employ the employment of the General Manager/Executive Director pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. EMPLOYMENT. Subject to all of the terms and conditions of this Agreement, the Authority hereby employs the General Manager/Executive Director, and the General Manager/Executive Director hereby accepts employment with the Authority, as its General Manager/Executive Director.

2. DUTIES. The General Manager/Executive Director hereby agrees to perform all essential functions outlined in the Position Description attached hereto and made a part hereof as Exhibit "A".

3. COMPENSATION. As compensation for all of the General Manager/Executive Director's services under this Agreement, the Authority agrees to pay the General Manager/Executive Director and the General Manager/Executive Director agrees to accept the following:

(a) Base Salary. In consideration of the services described above, the Authority hereby agrees to pay to the General Manager/Executive Director the salary set forth by the Jefferson Parish Executive Pay Plan. Said base salary is $105,000, per annum. Said payment shall be made in accordance with the standard payroll practices of the Parish of Jefferson (the "Parish), including salary and periodic classification reviews and adjustments.

(b) Benefits Package. As additional compensation, the General Manager/Executive Director will receive a benefits package that is commensurate with the Parish's standard benefits package for the position of Executive Director. Said benefits package is $3,000, per annum.

(c) Expenditure Allowance. The General Manager/Executive Director shall have a monthly automobile allowance that is commensurate with the position of Executive Director. Said automobile allowance is $907.50, per month.

(d) Vacation/Sick Leave. The General Manager/Executive Director will be entitled to the same number of vacation days and sick leave that an Executive Director would be entitled to in accordance with the Parish's standard practices, as well as restrictions the Parish would place on same.

(e) Expenses. General Manager/Executive Director will be entitled to reimbursement for reasonable expenses incurred in connection with his services described above with approval of the Authority's Board of Trustees.

4. **TERMINATION FOR CONVENIENCE**. The Authority may terminate the General Manager/Executive Director at any time by giving thirty (30) days written notice to the General Manager/Executive Director.

5. **OWNERSHIP**. All records, reports, documents and other material delivered or transmitted to the General Manager/Executive Director by the Authority shall remain the property of the Authority, and shall be returned by the General Manager/Executive Director to the Authority, at General Manager/Executive Director's expense, at the termination of this Agreement. All records, reports, documents, or other material related to this Agreement obtained or prepared by General Manager/Executive Director in connection with the performance of the essential functions contracted for herein shall become the property of the Authority, and shall, upon request, be returned by the General Manager/Executive Director to the Authority, at the General Manager/Executive Director's expense, at termination of this Agreement.

6. **APPROVALS.** This Agreement becomes effective when executed by both parties.

7. **ALTERATIONS**. Any alterations, variations, modifications, or waivers of provisions of this Agreement shall be valid only when they have been reduced to writing, duly signed, and attached to the original of this Agreement.

8. **JURISDICTION.** Any claim or controversy arising out of this contract shall be resolved in

the Parish of Jefferson.

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the day and year first above written.

The Jefferson Parish Finance Authority

By: Barry Bordelon

Its: Chairman

General Manager/Executive Director

Terry McCarthy

TERRY MCCARTHY

AMENDED EMPLOYMENT AGREEMENT

BETWEEN

THE JEFFERSON PARISH FINANCE AUTHORITY AND

TERRY MCCARTHY

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 5th day of May, 2009, and amended as of the 22nd day of December 2014, by and between The Jefferson Parish Finance Authority, a public trust and public corporation created for the benefit of the Parish of Jefferson, State of Louisiana (the "Authority"), and Terry McCarthy (the "Executive Director").

W I T N E S S E T H:

WHEREAS, the Executive Director desires to become employed by the Authority, and the Authority believes that the Executive Director would be a valuable employee and desires to employ the employment of the Executive Director pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. EMPLOYMENT. Subject to all of the terms and conditions of this Agreement, the Authority hereby employs the Executive Director, and the Executive Director hereby accepts employment with the Authority, as its Executive Director.

2. DUTIES. The Executive Director hereby agrees to perform all essential functions outlined in the Position Description attached hereto and made a part hereof as Exhibit "A".

3. COMPENSATION. As compensation for all of the Executive Director's services under this Agreement, the Authority agrees to pay the Executive Director and the Executive Director agrees to accept the following:

(a) Base Salary. In consideration of the services described above, the Authority hereby agrees to pay to the Executive Director a base salary of $105,000, per annum. Said payment shall be reviewed by the Jefferson Parish Finance Authority Board of Trustees annually. All salary and benefits adjustments shall be approved by resolution from the Board of Trustees.

(b) Benefits Package. As additional compensation, the Executive Director will receive a benefits package of $3,000, per annum.

(c) Expenditure Allowance. The Executive Director shall have a monthly automobile and cell phone allowance that is commensurate with the position of Executive Director. Said allowance is $907.50, per month.

(d) Vacation/Sick Leave. The Executive Director will be entitled to the same number of vacation days and sick leave that an Executive Director would be entitled to in accordance with the Parish's standard practices.

(e) Expenses. Executive Director will be entitled to reimbursement for reasonable expenses incurred in connection with his services described above with approval of the Authority's Board of Trustees.

4. **TERMINATION FOR CONVENIENCE**. The Authority may terminate the Executive Director at any time by giving thirty (30) days written notice to the Executive Director.

5. **OWNERSHIP**. All records, reports, documents and other material delivered or transmitted to the Executive Director by the Authority shall remain the property of the Authority, and shall be returned by the Executive Director to the Authority, at Executive Director's expense, at the termination of this Agreement. All records, reports, documents, or other material related to this Agreement obtained or prepared by Executive Director in connection with the performance of the essential functions contracted for herein shall become the property of the Authority, and shall, upon request, be returned by the Executive Director to the Authority, at the Executive Director's expense, at termination of this Agreement.

6. **APPROVALS.** This becomes effective when executed by both parties.

7. **ALTERATIONS**. Any alterations, variations, modifications, or waivers of provisions of this Agreement shall be valid only when they have been reduced to writing, duly signed, and attached to the original of this Agreement.

8. **JURISDICTION.** Any claim or controversy arising out of this contract shall be resolved in the Parish of Jefferson

IN WITNESS WHEREOF, the parties hereto have executed this Employment Agreement as of the day and year first above written.

The Jefferson Parish Finance Authority

By: John J Bulle

Its: Chairman

Executive Director

Terry McCarthy

Terry McCarthy

POSITION DESCRIPTION

CLASSIFICATION TITLE:

Executive Director

DEPARTMENT

Jefferson Parish Finance Authority

REPORTS TO:

Board of Trustees

LOCATION OF WORK:

Administrative office located in Suite 505 of the Yenni Building. May be required to travel on a Parish-wide basis and report to other Parish work sites on occasion.

HOURS OF WORK:

35-hour work week. Non-exempt from overtime compensation. General hours of work are 8:30 a.m.- 4:30 p.m., Monday through Friday. May be required to work extended hours if necessary.

POSITION PURPOSE:

The overall purpose of the Executive Director shall be the principal executive officer for the Jefferson Parish Finance Authority (the Authority). It shall be the Executive Director's responsibility to execute the policies and projects of the Authority. The Executive Director shall have charge of the overall management and direction of all of the Authority's affairs, and he/she shall report directly to the Board of Trustees of the Authority on all administrative, managerial, financial, operational and public relations affairs

ESSENTIAL FUNCTIONS:

Possess experience in the Housing/Municipal financing sector.

Identify potential new initiatives and partnerships to extent allowed by Title 9 of the Louisiana Revised Statutes, Public Trusts Law.

Development, preparation, administration and monitoring of the Authority's Operating Budget and overall operation of the Authority.

Evaluate proposals from bond counsel, tax counsel, accounting, auditing and other financial professionals at the disposal of the Authority.

Being directly involved with each project under consideration requiring professional services.

Report directly to the Board of Trustees.

Counsel with the Board of Trustees on policy decisions affecting finance and administrative operating directives.

Participate in policy-making activities as directed by the Board of Trustees.

Acts as a liaison with other public agencies and organizations.

Represents the Authority publicly and works constructively with the community to foster activities and develop best practices.

Coordinate and approve the annual department operating budget and presents the final budget to the Board of Trustees for adoption and final approval.

Oversees the development and administration of an accounting system to accomplish the proper recording, measuring and reporting of all operations, transactions, assets and liabilities, including the restricted and unrestricted accounts of the Authority.

Reviews for accuracy all financial statements and presents to the Board of Trustees on a quarterly basis a financial report on the restricted and unrestricted accounts.

Provide policy guidance to the Board of Trustees on management services in the area of housing programs and various other authorized projects.

Coordinate budget formulation and management activities in the Authority's programs.

Approve operation expenses.

Advise the Board of Trustees regarding audit/review information.

Direct supervision of the administrative staff.

Preparation of annual council activities calendar, including key activities and anticipated major events to be prepared and distributed at the beginning of the year, as per J.P. Council Ordinance No. 21328.

Preparation, analyses and interpretation of statistics for outside parties as required.

Authorized authority to execute forms required by the Personnel Department and Purchasing Department, relating to the general operations of the office.

Formulate and evaluate operating policies, programs and procedures relating to the Authority with advice and approval of the Board of Trustees.

Prepare statistical studies, quarterly financial reports and research planning for future programs.

Plan long range departmental activities.

Prepare reports on the departmental operations evaluating performance against established objectives, and special reports on operating problems or plans as required for review by the Board of Trustees.

Participates in the development of grant proposals and other fund raising activities.

Authority to hire staff and execute required forms.

Be available to the Board of Trustees to analyze proposals.

Oversee the filing of reports, compliance surveys and opinions, as required by law. (Arbitrage, Audit, Cash Management Policies, Tax Reporting and Compliance Reports, etc.), prepared by the Executive Assistant.

NECESSARY KNOWLEDGE, SKILLS AND ABILITIES:

Accounting / Computer Experience

Financial Package Range: Salary and benefits reviewed by the Jefferson Parish Finance Authority Board of Trustees annually and adjustments approved by resolution from the Board of Trustees.

OTHERS:

Qualified by Education, Training, Prior Administrative and/or Management Experience

Strong knowledge of accounting and budgeting

History of involvement with financing

Strong Communication Skills.

Experience in Investment Banking, Mortgages and Accounting dealing with residential housing issues, commercial and public sector accounting.

Attachment F

Letter from Tim Whitmer to Gwen Bolotte
Dated 05/14/2009

JEFFERSON PARISH
LOUISIANA

OFFICE OF PARISH PRESIDENT

AARON F. BROUSSARD
PARISH PRESIDENT

Our Mission is:
"Provide the services, leadership, and vision to improve the quality of life in Jefferson Parish."

TIM A. WHITMER
CHIEF ADMINISTRATIVE OFFICER

May 14, 2009

TO: Gwen Bolotte, Director
Finance Department

FROM: Tim A. Whitmer TAW
Chief Administrative Officer

SUBJECT: *Finance Authority*

I was recently contacted by the Finance Authority and advised that they will be creating an Executive Director position.

Due to the fact that all Finance Authority expenses are covered from their revenue and we simply pay their bills, I am approving the creation of this new position effective May 16, 2009.

Furthermore, it is my understanding that they will be appointing Terry McCarthy to this position and I hereby request that we move Mr. McCarthy from one department to another, thereby transferring his sick and annual leave balances to a new department.

Your cooperation in this matter is appreciated. If I can be of additional clarification or information, please feel free to call.

TAW/bc

cc: Geralyn Savoie, Payroll Officer
Mary Jo Arcement, Human Resource Management
Terry McCarthy

GSavoie

From: TMccarthy
Sent: Wednesday, May 13, 2009 10:19 AM
To: TAWhitmer
Cc: GBolotte; GSavoie; MArcement; JMessina
Subject: T. McCarthy transfer to JPFA
Importance: High

im,
/henever anyone moves from one department to another, the benefits, sick days and annual days are automatically 'ansferred to the new employment department, when the DP 10 & DP 11 are entered into the system. Our payroll omputer system is designed to take care of it. If you approve this email, via a forward to Gwen and Geralyn Savoie, /ith a CC to Mary Joe, that's all that is needed. Thank you.

Attachment G

Letter from Martin Schwegmann
Dated 03/23/88

MEMORANDUM

TO: JEFFERSON PARISH PERSONNEL BOARD

FROM: MARTIN SCHWEGMANN, PERSONNEL DIRECTOR

DATE: MARCH 14, 1988

SUBJECT: CLASSIFICATION OF POSITIONS WITH THE HOME MORTGAGE AUTHORITY

I have now completed my review of the two positions occupied by Joycelyn Messina and Chere Currault. After reviewing the job description questionnaire completed by these employees, my conclusions are as follows:

1) The position occupied by Joycelyn Messina should be classified in the class of Executive Assistant, class code 1018, pay range (35), $1395-$2164 per month. Payroll records indicate Parish employment dating back to July 30, 1979. According to the questionnaire she completed, she has worked in her present capacity since June 25, 1985. When positions not previously classified have been brought into the classified service, incumbents serving in those positions for one year or more have been granted permanent civil service status. Mrs. Messina falls into this category. Therefore, it is recommended that she be granted permanent status in the class of Executive Assistant at her present rate of pay, $2011/mo. with her assigned anniversary date, 1/16.

2) The position occupied by Chere Currault should be classified in the class of Secretary, w/Steno skills, class code 1116, pay range $1036-$1613 per month. According to payroll records, she has been employed by the Parish since 8/26/86. According to her job description questionnaire, she has been employed in her present capacity since February 9, 1987. Therefore, as in item one above, it is recommended that she be granted permanent status in the class of Secretary (w/Steno Skills), at her present rate of pay, $1204/month, with her assigned anniversary date, 2/16.

It is further recommended that these actions be effective March 26, 1988.

Respectfully submitted,

MARTIN SCHWEGMANN
Personnel Director

MS/alv

cc: Mr. William Lazaro
Ms. Joycelyn Messina
Ms. Chere Currault

Gretna, Louisiana

Attachment H

Letter from Personnel
Board to JPFA
Dated 12/03/1987

PERSONNEL DEPARTMENT
Room 818 Courthouse
Gretna, La. 70053
Roy Stewart, Director

JEFFERSON PARISH
LOUISIANA

367-6611
AREA CODE 504

PERSONNEL BOARD
Philip S. DeAmore, Chairman
John C. Combe, Jr., Member
Louis G. DeSonier, Jr., Member

December 3, 1987

Mr. William A. Lozoro, Jr., Chairman
Jefferson Parish Home Mortgage Authority
Joseph S. Yenni Building - Room 505
1221 Elmwood Park Boulevard
Harahan, Louisiana 70123

Dear Mr. Lazoro:

As a result of recent, unrelated, court litigation and correspondence with the Parish Attorney, our attention was called to the fact that the Home Mortgage Authority is a public corporation, created by Parish Ordinance, to serve Parish needs, and that the two current employees of the Authority are being treated as "unclassified". During its meeting held on November 30, the Personnel Board concluded that these two positions must be classified.

Article 4, 4.03 of the Charter, and Rule I, 34, of the Personnel Rules, define "Parish Service" or "Civil Service of the Parish" as: ". . . all offices and positions of trust or employment in the Parish . . . or any corporation organized for public purposes . . . irrespective of whether paid out of the Parish Treasury . . . ." (underscoring supplied for emphasis). There are no apparent exceptions for the two positions in question.

Forwarded herewith are two sets of our standard classification questionnaire forms. Please give these forms to the two employees in question, Mrs. Joycelyn M. Messina and Miss Chere Currault, and instruct them to complete the forms, have them reviewed and signed by you, and return them to our office not later than Friday, December 18, 1987. If the employees have any questions, or need any assistance, please ask them to call Mr. Martin Schwegmann, Assistant Personnel Director. Based on the information supplied, the appropriate job classifications will be determined.

Once the job classifications are decided, the occupants' status must be resolved. In accord with precedent, the incumbent employees would be required to file personal history records, and their qualifications would be checked to see if they posess those required for the classes of work involved. In the past, permanent status has been granted to qualified incumbents who have been employed at least six (6) months.

"Leave year": a continuous period of twelve (12) calendar months beginning on January 1 of any year.

30. "List": an employment list, an original entrance employment list, a promotion employment list, or a re-employment list.

31. "Open list": a list to which eligibles may be added from time to time through the continuous examination procedure.

32. "Organization unit": any administrative agency or part thereof that is designated by rule or regulation as a unit for purposes of administration of the Law or of the administration of the Rules and Regulations of the Personnel Board.

33. "Original entrance employment list": an employment list for a class resulting from tests of fitness open to all applicants who meet the prescribed requirements for admission to the tests, regardless of prior employment in the classified service.

34. "Parish service" or "civil service of the Parish": all offices and positions of trust or employment in the Parish, or any department, agency, board, commission, or any division or subdivision of any department, agency, board, or commission, or any corporation organized for public purposes, including persons employed by the Parish or joint federal and Parish agencies administering Parish and federal relief and other funds, other than the military and naval service, irrespective of whether the pay for the offices and positions of trust or employment be paid out of the Parish treasury, either in whole or in part, except those positions excepted by the provisions of Section 4.03 A et seq. of the Jefferson Parish Home Rule Charter.

Rule I

35. "Pay": salary, wages, fees, allowances, and all other forms of valuable consideration, or the amount of any one or more of these, earned by or paid to any employee by reason of service rendered in any position, but excluding allowances for expenses authorized and incurred as incidents to employment.

36. "Pay plan": all the scales or rates of pay prescribed under the provisions of the Law by the Board and approved by the Parish Council for classes of positions in the classified service.

37. "Pay status": an employee's presence for work or absence on authorized leave with pay during and throughout each working day in a specified pay period.

parish department, office, agency, or special district; for the custody of all bonds and securities of the parish and those of any of its departments, offices, agencies, or special districts. The Council shall designate a depository or depositories for such funds in accordance with law and shall require such security for parish deposits as it deems desirable and as is authorized or permitted by law.

J. The Council shall provide for the continuing or periodic independent post-audit of the accounts and other evidences of all financial transactions of the parish, including those of all parish departments, offices, agencies, and special districts. Auditors shall be designated by the Council, shall be without personal interest in the affairs subject to audit, shall be qualified by training and experience, and shall be certified public accountants. The Council may accept audits by the State, if such are made, that satisfy the requirements of this section. Either the Council or the President may at any time order an examination of the accounts of any department, office, agency, or special district of the parish.

K. No parish official or employee shall vote upon or otherwise participate in any financial transaction of the parish, or of any of its departments, offices, agencies, or special districts, if he has any direct or indirect financial interest in such transaction. Willful violation of this section shall be grounds for removal from office.

L. Such officers and employees as the Parish Council may designate shall give bond in the amount and with the surety prescribed by the Council. The bond shall not be recorded in the office of the Clerk of the District Court nor shall act as a legal mortgage against the property of the principal or surety thereon. The premiums on the bonds shall be paid by the parish.

Charter

Section 4.03 Personnel Administration

A. It shall be the policy of the parish to employ those persons best qualified to perform the functions of the parish and to foster effective career service in parish employment. All appointments and promotions in the service of the parish and of each of its departments, offices, agencies, and special districts shall be made on the basis of merit and fitness, which shall be determined, insofar as practicable, by competitive test except that the following shall not be subject to the provisions of Section 4.03 regarding appointment, promotion, and dismissal:

(1) The Parish President.

(2) The directors of departments and heads of principal offices provided that the procedures prescribed in Section 4.03E(2) shall apply to the appointment of the Personnel Director.

(3) The Parish Clerk.

(4) Members of advisory boards and other unpaid bodies who are not parish employees.

(5) Organizations and their employees and other persons who are engaged by the parish on a contractual basis.

(6) The Parish Attorney and his legal assistants.

B. The appointment and dismissal of employees in the service of the elected officials subject to this Charter shall be made by the elected officials rather than the Parish President, but, nevertheless, shall be subject to the provisions of this Section 4.03.

C. There shall be a personnel department consisting of a Personnel Director, who shall be the executive head of the department, and a Personnel Board, which shall be policy-making and quasi-judicial in nature.

(1) The Personnel Director shall be appointed by the Personnel Board. The Personnel Director shall be qualified by special training and experience in public personnel administration and shall be responsible to the Board for the administration of the personnel system for the parish, including all parish departments, offices, agencies, and special districts in accordance with personnel rules adopted pursuant to this section.

(2) The Personnel Board shall be appointed by the Parish President as provided below and shall consist of three electors of Jefferson Parish, who hold no other public office or position in the parish and are known to be in sympathy with merit principles of public personnel administration. The first members shall be appointed for terms of two, four, and six years, respectively. Thereafter appointments shall be for six-year terms. One

A

member shall be appointed by the President with the approval of the Council. One member shall be appointed by the President from a list of three persons submitted by the President of Tulane University. One member shall be appointed by the President from a list of three persons submitted by the President of Loyola University of the South. The presidents shall make such nominations within 30 days after any vacancy occurs, and appointments shall be made by the Parish President within 30 days after nominations have been submitted. Should the President fail to appoint within 30 days, the first named nominee shall automatically become a member of the Board. Whenever the term of a Board member expires or there is a vacancy in an unexpired term, the Parish President shall make an appointment in the same manner as the original appointment was made. A member of the Board may be removed for cause after notice by the President and public hearing by the Council. Members of the Board may be paid a per diem allowance and may be reimbursed for necessary expenses incurred in official duties as may be determined and approved by the Council.

D. The duties of the Personnel Director shall include but shall not be restricted to the following:

(1) To develop and, upon adoption, to administer a position classification plan which shall provide for the classification of all positions on the basis of the duties and responsibilities of each position. The classification plan shall be submitted to the Personnel Board, and it shall become effective upon approval by the Personnel Board after public hearing.

(2) To develop and, upon adoption, to administer a salary plan for all positions in the parish service. Such salary plan shall be submitted to the Personnel Board, which, after public hearing, shall submit it, together with such amendments as it deems necessary, to the Council through the Parish President. The plan shall become effective upon approval by the Council.

(3) To prepare personnel rules to carry out the pro-

visions of this section. These rules shall be submitted to the Personnel Board which, after public hearing, shall make such amendments as it deems necessary and shall submit the proposed rules to the Council through the Parish President. These rules shall become effective upon approval by the Council. Such rules shall apply to all parish departments, offices, agencies, and special districts and shall provide for:

(a) Policies and procedures for the administration of the classification plan.

(b) Policies and procedures for the administration of the salary plan.

(c) Policies and methods for holding competitive tests to determine the merit and fitness of candidates for original appointment and promotion.

(d) The establishment and maintenance of lists of of persons eligible for appointment by reason of successful participation in competitive tests, and procedures for the certification of persons from the eligible lists for filling vacancies.

(e) The procedure for lay-off, suspension, demotion, and dismissal of employees, which shall provide for public hearings before the Personnel Board in cases of demotion or dismissal of permanent employees.

(f) Hours of work, attendance regulations, and sick and vacation leave.

(g) Prohibition against political activity of employees and assessment for political purposes.

(h) A retirement system for parish employees which shall take into account any existing system or systems.

(i) Other policies, practices, and procedures necessary to the administration of the parish personnel system.

E. The Personnel Board shall review the classification plan, the pay plan, and the rules as provided in Section 4.03D and in addition thereto shall:

(1) Hold hearings on dismissals, demotions, and other disciplinary matters as may be provided in the rules. The decisions of the Personnel Board in these matters shall be final.

(2) Examine candidates and select a qualified person for the position of Personnel Director whenever there is a vacancy in the position.

(3) Make any investigations it deems desirable concerning personnel management in the parish service and report its findings to the Council through the Parish President.

(4) Perform such other policy-making or quasi-judicial duties as may be required under the rules developed pursuant to this section.

F. Any person holding a full-time position subject to this section when this Charter takes effect, who served in that position at the time the Charter was adopted. by the electors of the parish, and at least one year prior thereto, shall continue in his position without competitive test but shall be subject in all other respects to this section.

Section 4.04 Legal Services

There shall be a department of law headed by a Parish Attorney, who may appoint and remove his assistants. The Parish Attorney shall be appointed by the President with the approval of the Council and shall serve at the will of the President. He shall devote his full time to the service of the parish and shall serve as legal counsel to the Council, the President, and all parish departments, offices, agencies, and special districts, and perform such other legal duties as may be assigned to him by administrative regulations adopted pursuant to this Charter. The assistant parish attorneys may be part-time employees and shall be electors of the parish.

Section 4.05 Planning

There shall be a planning department headed by a Planning

Attachment I

Letter from the Parish Attorney's Office
Dated 06/09/2017

JEFFERSON PARISH
Office of the Parish Attorney

June 12, 2017

Michael J. Power
Parish Attorney
Jeremy D. Dwyer
Deputy Parish Attorney

Michael S. Yenni
Parish President

Hon. Michael S. Yenni, Parish President
Hon. Christopher L. Roberts, Council Chairman
Hon. Cynthia Lee-Sheng, Councilwoman-at-Large, Division B
Hon. Ricky J. Templet, Councilman, District 1
Hon. Paul D. Johnston, Councilman, District 2
Hon. Mark D. Spears, Jr., Councilman, District 3
Hon. Jack Rizzuto, Councilman, District 4
Hon. Jennifer Van Vrancken, Councilwoman, District 5

Re: Parochial Employees' Retirement System of Louisiana (PERSLA) Letter

Dear Parish President and Councilmembers:

Please be advised that the enclosed letter was sent out on June 9, 2017. If you have any questions, please contact my office.

Sincerely,

Michael J. Power

Michael J. Power
Parish Attorney

MJP
Enclosure
cc: Susan Andrews, Deputy Inspector General - Audit
Ashley Neyland, Auditor,

Joseph S. Yenni Building – 1221 Elmwood Park Boulevard – Suite 701 – Jefferson, LA 70123
Office 504.736.6300 – Fax 504.736.6307
General Government Building – 200 Derbigny St. – Suite 5200 – Gretna, LA 70053 Office 504.364.3822
P.O. Box 9 – Gretna, LA 70054
Website: www.jeffparish.net

JEFFERSON PARISH
Office of the Parish Attorney

Michael S. Yenni
Parish President

Michael J. Power
Parish Attorney
Jeremy D. Dwyer
Deputy Parish Attorney

June 9, 2017

Terrie T. Rodrigue, Chairperson
Tim Ware
Tammy Bufkin
Gwen LeBlanc
Sandy Treme
Representative Gregory A. Miller
Senator Barrow Peacock
Board of Trustees
Parochial Employees' Retirement System of Louisiana (PERSLA)
P.O. Box 14619
Baton Rouge, Louisiana 70898

RE: Terry McCarthy employment with Jefferson Parish

Dear Trustees:

This letter is to inform you that Terry McCarthy ceased employment with the Parish of Jefferson as of May 16, 2009.

Sincerely,

Michael J. Power
Parish Attorney

Joseph S. Yenni Building – 1221 Elmwood Park Boulevard – Suite 701 – Jefferson, LA 70123
Office 504.736.6300 – Fax 504.736.6307
General Government Building – 200 Derbigny St. – Suite 5200 – Gretna, LA 70053 Office 504.364.3822
P.O. Box 9 – Gretna, LA 70054
Website: www.jeffparish.net

Attachment J

JPFA Per Diem
Resolution
Dated 06/02/2008
and Parish Summary
Ordinance # 23211
Dated 12/12/2007

JEFFERSON PARISH FINANCE AUTHORITY

RESOLUTION

On Motion of Mrs. Margaret Bicknell, seconded by Mr. Gary Lala, the following resolution was offered:

> A resolution of the Jefferson Parish Finance Authority to increase the per diem from $100.00 to $150.00 per each meeting attended by said member for no more than fifty-two (52) meetings per calendar year and shall become effective as of June 1, 2008, in accordance with the Jefferson Parish Council Ordinance No. 23211, adopted on December 12, 2007.

WHEREAS, the Jefferson Parish Council gives the Jefferson Parish Finance Authority the authority to grant its members a per diem of $150.00 per meeting attended;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Jefferson Parish Finance Authority, acting as the governing authority of the Authority, that:

SECTION 1. the Authority desires to increase the amount of per diems paid to each trustee of the Authority from $100.00 to $150.00 per meeting for no more than fifty-two (52) meetings per calendar year and shall become effective as of June 1, 2008.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

YEAS: (5)	NAYS: (0)	ABSTAIN: (1)	ABSENT: (2)
		Margaret Bicknell	Lester Dunn, Jr.
			Ricky Templet

WHEREUPON, the Resolution was declared adopted this the 2nd day of June, 2008.

STATE OF LOUISIANA

PARISH OF JEFFERSON

I, the undersigned Secretary of the Board of Trustees of Parish of Jefferson Home Mortgage Authority, do hereby certify that the foregoing one page, constitutes a true and correct copy of a resolution of the Parish of Jefferson Home Mortgage Authority entitled "A resolution of the Jefferson Parish Finance Authority to increase the per diem to $150.00 per each meeting attended by said member for no more than fifty-two (52) meetings per calendar year and shall become effective as of June 1, 2008, in accordance with the Jefferson Parish Council Ordinance No. 23211, adopted on December 12, 2007".

IN WITNESS WHEREOF, I have subscribed my official signature as Secretary of this Board of Trustees of the Authority on this, the 2nd day of June, 2008

Margaret R Bicknell

Margaret R. Bicknell, Secretary

On joint motion of all Councilmembers present the following ordinance was offered as amended:

SUMMARY NO. 22383 ORDINANCE NO. 23211

An ordinance to amend various provisions of the Jefferson Parish Code of Ordinances, including but not limited to Sec 2-517, relative to amending the amount of the fee received by board members for serving on the Personnel Board and the Board of Standards and Appeals, and to provide for related matters. (Parishwide)

THE JEFFERSON PARISH COUNCIL HEREBY ORDAINS:

SECTION 1. That Section 2-517 of the Code of Ordinances be and the same is hereby amended to read as follows:

Sec. 2-517. Per diem and expense limitations for boards, committees, commissions and other authorities.

(a) Except as otherwise provided in subsection (b), each member of any Jefferson Parish board, committee, commission or other authority who is authorized to receive a per diem shall receive no more than one hundred fifty dollars ($150.00) for each meeting attended by said member for no more than fifty-two (52) meetings per calendar year. The parish shall not reimburse any expenses incurred by any board, committee, commission or other authority or by any member thereof, unless said expenses are reasonable and necessary and are approved by the parish council prior to payment by the parish.

(b) (1) Each member of the Planning Advisory Board shall be paid by the parish a compensation of one hundred fifty dollars ($150.00) per board meeting at which they serve in accordance with the provisions of Sec. 40-776.

(2) Each member of the Board of Zoning Adjustments shall be paid by the parish a compensation of one hundred fifty dollars ($150.00) per board meeting at which they serve in accordance with the provisions of Sec. 40-798.

The foregoing ordinance having been submitted to a vote, the vote thereon was as follows:

YEAS: 6 NAYS: None ABSENT: (1) Lee

The ordinance was declared to be adopted on this the 12th day of December, 2007, and shall become effective as follows; if signed forthwith by the Parish President, ten (10) days after adoption, thereafter upon signature by the Parish President, or, if not signed by the Parish President, upon expiration of the time for ordinances to be considered finally adopted without the signature of the Parish President, as provided in Section 2.07 of the Charter. If vetoed by the Parish President and subsequently approved by the Council, this ordinance shall become effective on the day of such approval.

Attachment K

JPFA Extra Per Diem
Resolution Dated
07/13/2009

The following resolution was offered by Mr. Michael Drawe, seconded by Mr. Gary Lala:

RESOLUTION

A resolution authorizing the Administration of the Jefferson Parish Finance Authority to reimburse normal and customary expenses and per diems to all Authority Trustees, who attend approved conferences, Bond Commission Hearings, committee meetings, and the like, when such attendance is approved by the Chairman of the Board of Trustees of the JPFA.

WHEREAS, the Board of Trustees of the Jefferson Parish Finance Authority wishes to authorize, in addition to all regular JPFA meetings, that the per diems are extended to all Authority Trustees who attend approved conferences, Bond Commission Hearings, committee meetings, and the like, when such attendance is approved by the Chairman of the Board of Trustees of the JPFA.

NOW, THEREFORE, BE IT RESOLVED THAT THE Jefferson Parish Finance Authority hereby desires to authorize, in addition to all regular JPFA meetings, that the per diems are extended to all Authority Trustees who attend approved conferences, Bond Commission Hearings, committee meetings, and the like, when such attendance is approved by the Chairman of the Board of Trustees of the JPFA.

The foregoing resolution having been submitted to a vote, the vote thereon was as follows:

Yeas: (5)	Nays: (2)	Absent: (1)
	Mr. Frank Muscarello	Mr. Arthur Lawson, Jr.
	Mr. Ricky Templet	

The resolution was declared to be adopted on this the 13th day of July, 2009.

Attachment L

Contract for Professional Services – Gordon R. Konrad
Dated 09/08/2015

STATE OF LOUISIANA

PARISH OF JEFFERSON

CONTRACT FOR PROFESSIONAL LEGAL SERVICES

BE IT KNOWN THAT this agreement is entered into by and between the Jefferson Parish Finance Authority (the "Authority") 1221 Elmwood Park Blvd., Suite 505, Harahan, Louisiana and Gordon R. Konrad, Attorney at Law, 5813 Citrus Blvd., Suite 200, Harahan, Louisiana (hereinafter sometimes referred to as "Counsel").

1.

Counsel hereby agrees to furnish the following services:

a. Render all professional services including without limitation advice, consultation, trial and such other professional work as the Authority may direct.

b. Devote whatever time and energy is necessary, required and requested in performing professional services under the direction of the Authority and shall not in any wise act in derogation or conflict with the interest of the Authority. It is understood and agreed that such services shall not be on a full time basis but only as required.

c. Maintain and support his own office, stenographic services, library and provide for any assistance he deems necessary in the performance of his duties.

d. These legal services are to be provided under the immediate supervision of the Board of Trustees and the staff of the Authority.

GOAL / PURPOSE:

To protect the interest of the Authority by providing legal services, including attendance at all of the Authority's meetings and hearings, provide opinions, legal research, and appearances in court, or otherwise, on behalf of or in defense of the Authority.

2.

In consideration of services described herein above, the Authority hereby agrees to pay Counsel a monthly retainer fee of THREE THOUSAND FIVE HUNDRED AND NO/100 ($3,500) DOLLARS.

Counsel hereby agrees that the responsibility for payment of taxes from the funds thus received under this agreement shall be said Counsel's obligation.

Counsel agrees to submit monthly invoices to the Authority.

3.

This contract is in affect for the period commencing October 1, 2015 and ending on September 30, 2018.

4.

Counsel shall not assign any interest in this contract and shall not transfer any interest in same (whether by assignment or novation), without prior written consent of the Authority, provided however, that claims for money due or to become due to the Counsel from the Authority under this contract may be assigned to a bank, trust company, or other financial institution without such prior written consent. Notice of any such assignment or transfer shall be furnished to the Authority.

5.

All records, reports, documents and other material delivered or transmitted to Counsel by the Authority shall remain the property of the Authority, and shall be returned by Counsel to the Authority, at Counsel's expense, at termination or expiration of this contract. All records, reports, documents, pleadings, exhibits or other material related to this contract and / or obtained or prepared by Counsel in connection with the performance of the services contracted for herein shall become the property of the Authority, and shall, upon request, be returned by Counsel to the Authority, at Counsel's expense, at termination or expiration of this contract.

6.

The Authority shall have the right to terminate this Agreement for cause prior to its normal expiration on the Expiration Date. The term "for cause" shall be defined as the following:

a. Refusal or unwillingness to perform the duties set forth in Section 1 above, in good faith and to the best of Counsel's ability.

b. Violation by Counsel of any of the other terms and conditions of this Agreement not remedied by Counsel within five (5) days following receipt of notification of such violation from the Authority, or failure to take immediate and reasonable action to remedy within a reasonable period of time any such violation which is incapable of correction within five (5) days after notification from the Authority.

c. Conviction of any criminal statute that constitutes a felony.

d. Substantial physical or mental incapacity lasting in excess of ninety (90) days which cannot reasonably be accommodated by the Authority and which interferes with Counsel's ability to perform essential functions of the duties and responsibilities set forth herein.

Counsel agrees to abide by the requirements of the following as applicable: Title VI and VII of the Civil Rights Act of 1964, as amended by the Equal Opportunity Act of 1972, Federal Executive Order 11246, the Federal Rehabilitation Act of 1973, as amended, the Vietnam Era Veteran's Readjustment Assistance Act of 1974, Title IX of the Education Amendments of 1972, the Age Act of 1975, and counsel agrees to abide by the requirements of the Americans with Disabilities Act of 1990.

Counsel agrees not to discriminate in his employment practices, and will render services under this contact without regard to race, color, religion, sex, national origin, veteran status, political affiliation, or disabilities.

Any act of discrimination committed by Counsel, or failure to comply with these statutory obligations when applicable shall be grounds of termination of this contract.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the 8th day of September, 2015.

WITNESSES:

Sheila Rodrigue

Shawn Martin

JEFFERSON PARISH FINANCE AUTHORITY

By: Terry McCarthy

Terry McCarthy, Executive Director

Gordon R. Konrad

GORDON R. KONRAD

Attachment M

The Konrad Law Firm
Invoices – Freddie Mac,
Bond Series 2006C

THE KONRAD LAW FIRM, LLC
5813 Citrus Blvd., Suite 200
Harahan, LA 70123
504.684.6006
504.837.1213
rob@gkonradlaw.com

December 13, 2016

Fax – 736.6313

Jefferson Parish Finance Authority
P.O. Box 10242
Jefferson, LA 70181-0242
Fax # 504.736.6313

RE: Retainer Agreement

STATEMENT

Professional services rendered as per Contract Agreement from November 23, 2016 through December 22, 2016.

$3,500.00 JMR

G. KONRAD Legal Fees
1991-6132 Professional Fees-Legal

PAID
DEC 19 2016
CHECK No. 14398

Check

THE KONRAD LAW FIRM, LLC
5813 Citrus Blvd, Suite 200
Harahan, LA 70123
504.684.6006
Fax 504.837.1213
Rob@GKonradLaw.com

February 25, 2016

Parish of Jefferson
P.O. Box 10242
Jefferson, LA 70181-0242

RE: **JEFFERSON PARISH FINANCE AUTHORITY –**
PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY
Single Family Mortgage Revenue Bonds Series 2006C

INVOICE

Issuer's Counsel's Fee (The Konrad Law Firm, Tax ID # 45-2642608) $5,000.00

PAID 2/26/16

THE KONRAD LAW FIRM, LLC
5813 Citrus Blvd., Suite 200
Harahan, LA 70123
504.684.6006
rob@gkonradlaw.com

October 30, 2015

Parish of Jefferson
P.O. Box 10242
Jefferson, LA 70181-0242

RE: **JEFFERSON PARISH FINANCE AUTHORITY – The addition of Freddie Mac into the Southern Mortgage Assistance Program**

INVOICE

Issuer's Counsel's Fee (The Konrad Law Firm, Tax ID # 45-2642608)	$5,000.00

Attachment N

Letter from Konrad Law Firm

THE KONRAD LAW FIRM, LLC
5813 Citrus Blvd, Suite 200
Harahan, LA 70123
504.684.6006
Fax 504.837.1213
Rob@GKonradLaw.com

April 21, 2017

Ashley Neyland
Jefferson Parish Office of Inspector General
5401 Jefferson Highway, Suite C
Jefferson, Louisiana 70123

Re: The Jefferson Parish Finance Authority

Ms. Neyland:

Pursuant to your request, I have reviewed the 1099's sent to my firm by the Jefferson Parish Finance Authority (the "Authority") for legal services performed in 2015 and 2016. I hereby confirm that my firm was paid $47,000 in 2015 and $57,000 in 2016 in connection with my firm's representation of the Authority as its General Counsel.

Pursuant to my firm's contract with the Authority, dated September 8, 2015, I do not bill on an hourly basis; rather, I receive a flat monthly fee in the amount of $3,500. In addition to the flat monthly fee, when I am required to issue a legal opinion on behalf of the Authority relative to a new money bond issuance or a refunding transaction, I receive an additional fee that is approved by Resolution of the Board of Trustees of the Authority.

Very truly yours,

Gordon R. Konrad

GRK/ab

From:	Gordon Konrad
To:	Ashley Neyland
Cc:	Susan Andrews
Subject:	Re: JPOIG Audit-JPFA
Date:	Friday, April 28, 2017 9:45:18 AM

Ms. Neyland,

As stated in my letter, my firm does not track the hours spent representing the JPFA. Please let me know if you have any additional questions.

GORDON ROB KONRAD
Attorney At Law
5813 Citrus Blvd.
Suite 200
Harahan, LA 70123
504.684.6006
504.837.1213 fax

Attachment O

Letter From Becknell Law Firm

THE BECKNELL LAW FIRM
A PROFESSIONAL LAW CORPORATION

J. WILLIAM BECKNELL, II
jwbecknell@bellsouth.net

3445 NORTH CAUSEWAY BOULEVARD
SUITE 736
METAIRIE, LA 70002

TELEPHONE: (504) 833-7325
FACSIMILE: (504) 833-1160

April 21, 2017

VIA EMAIL

Ms. Ashley Neyland
Jefferson Parish Office of Inspector General

Ms. Neyland:

Pursuant to your request, we have reviewed the 1099's sent to our firm by the Jefferson Parish Finance Authority (the "Authority") for legal services performed in 2015 and 2016. We hereby confirm that we were paid $28,723.75 in 2015 and $65,000 in 2016 in connection with our representation of the Authority as Special Legal Counsel.

In accordance with industry standard for work performed in connection with bond and/or loan financing transactions, we do not bill on an hourly basis; rather, a flat fee is established by the financial professionals who structure the various transactions. The aforesaid fee is then approved by Resolution of the Board of Trustees of the Authority prior to payment. Furthermore, payment of our fees by the Authority is always contingent upon the closing and completion of the transaction.

Very truly yours,

J. William Becknell, II / ab

J. William Becknell, II

Attachment P

Bidding Agent
Agreement
Bond Series 2006C

BIDDING AGENT ENGAGEMENT AGREEMENT

This Bidding Agent Engagement Agreement ("Agreement") is made this 1st day of February, 2016, by and between **JEFFERSON PARISH FINANCE AUTHORITY** ("Issuer"), and **SISUNG SECURITIES CORPORATION** ("Sisung") located at 201 St. Charles Ave, Suite 4240, New Orleans, Louisiana 70170, and **GEORGE K. BAUM & COMPANY,** ("GKB") located at 1400 Wewatta Street, Suite 800, Denver, Colorado 80202 (collectively the "Bidding Agents").

PURPOSE: The Issuer has identified certain specific mortgaged backed securities ("MBS") that it holds, but wishes to sell (the "Transaction"), in conjunction with a possible redemption of certain of the Issuer's outstanding bonds, including its Single Family Mortgage Revenue Bonds, Series 2006C (the "Bonds"). The Issuer deems it in its best interest to engage and retain Sisung and GKB, qualified investment banking firms, to provide certain bidding agent services for or related to the Transaction, including but not limited to the preparation of supporting data and documentation and/or mortgage loan market information.

CONSIDERATION: Consideration for this Agreement includes the services, compensation, and mutual exchange of promises of the parties specified herein.

SPECIFIC PROVISIONS: The provisions of the above "Purpose" section are material and binding terms of this Agreement.

1. **Bidding Agent Obligations.** The Bidding Agents shall provide the Issuer with bidding agent services for and related to the Transaction, including:

   A. Work with the Issuer and others as directed by the Issuer, concerning the legal and financial issues associated with the Transaction;

   B. Attend meetings and be available to the Issuer, its Administration and other agents for consultation and conference at times and places mutually agreed upon throughout the Transaction proceedings;

   C. Assist the Issuer, when necessary, in the preparation, coordination and distribution of printed matter for or related to the Transaction, including bid specifications, circulars, press releases, special mailings, etc., in order to notify potential counterparties about the potential Transaction;

   D. Prepare financial information and schedules necessary to acquaint the Issuer with the benefits of the Transaction,

   E. Receive and collect bids for the Transaction from respondents at a pre-determined time at the direction of the Issuer, and award the Transaction at and upon the direction of the Issuer,

   F. Coordinate the closing of the Transaction with the Issuer, Issuer's counsel, bond counsel, and, if applicable, the trustee;

G. Provide the Issuer with regular updates of mortgage market conditions, analysis of financial or accounting factors of importance for or related to the Transaction,

H. It is expressly understood and agreed that this Agreement does not intend, and is not under any circumstances to be construed as requiring the Bidding Agents to perform services which may constitute the practice of law. The Bidding Agents are employed in an expert financial capacity only;

I. It is expressly understood and agreed that, under this Agreement, the Bidding Agents are acting as a consultant to the Issuer for bidding agent services only, and are not providing the Issuer with any advice or recommendation on the issuance of municipal securities or a municipal financial products.

J. It is expressly understood and agreed that the Bidding Agents will not limit their work to the steps outlined but will extend its services as necessary to ensure that all appropriate bidding agent services for and related to the Transaction are provided to or on behalf of the Issuer in a professional and satisfactory manner.

2. **Issuer's Obligations.** The Issuer's obligations shall include the following:

A. Retain Sisung and GKB as its bidding agents for and related to the Transaction;

B. Cooperate with the Bidding Agents in the proper development of the Transaction and provide all pertinent information needed to support the Transaction;

C. Employ a nationally recognized firm of bond attorneys and utilize the services of the Issuer's attorney;

D. Pay for all costs of legal advice, other professional services, and for printed material for or related to the Transaction;

E. Pay Sisung a bidding agent fee of $27,500.00 and GKB a bidding agent fee of $27,500.00, at the time of the closing of the Transaction.

3. **Term**. The term of this Agreement shall commence on February 1, 2016 and shall expire on the completion of the Transaction, subject to the termination provisions in Section 4 below.

4. **Termination**. Either party shall have the right to terminate this Agreement in full for any reason by providing written notice to the other party at least thirty (30) days prior to the stated termination date. In the event of any violation or default of the terms of this Agreement by the Bidding Agents, the Issuer shall provide written notice to the Bidding Agents of any such violation or default, and the Bidding Agents shall have thirty (30) days to cure such default. If the Bidding Agents are not able to cure the default to the Issuer's satisfaction by the end of such cure period, the Issuer thereafter shall have the right to immediately terminate this Agreement. At the termination of this Agreement, in any such manner, the Issuer shall reimburse the Bidding Agents such reasonable costs and expenses

incurred to the date of such termination, and shall pay the Bidding Agents such compensation earned to the date of such termination, which payment shall be in full satisfaction of all claims against the Issuer under this Agreement.

5. **Execution**. This Agreement may be executed in multiple counterparts and together such counterparts will be deemed an original.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

SISUNG SECURITIES CORPORATION

By: ________________________________

Printed Name: __Kent M. Schexnayder__________

Title: ___Senior Vice President_____________

GEORGE K. BAUM & COMPANY

By: ________________________________

Printed Name: ____________________________

Title: ________________________________

JEFFERSON PARISH FINANCE AUTHORITY

By: ________________________________

Printed Name: ____________________________

Title: ________________________________

IN WITNESS WHEREOF, the parties here have executed this Agreement the day and year first above written.

AGREED TO AND ACCEPTED:

SISUNG SECURITIES CORPORATION

By: ______________________________

Printed Name: ______________________

Title: ____________________________

GEORGE K. BAUM & COMPANY

By: C. Scott Riffle

Printed Name: Scott Riffle

Title: Senior Vice President

JEFFERSON PARISH FINANCE AUTHORITY

By: ______________________________

Printed Name: ______________________

Title: ____________________________

Attachment Q

CEA HOME Program

COOPERATIVE ENDEAVOR AGREEMENT
FOR THE
HOME INVESTMENT PARTNERSHIPS PROGRAM
BETWEEN

PARISH OF JEFFERSON, STATE OF LOUISIANA
AND
JEFFERSON PARISH FINANCE AUTHORITY

This Agreement, made and entered into on this the 12th day of July, 2016, by and between the Parish of Jefferson, State of Louisiana, acting through that authority granted by the Jefferson Parish Council, and duly authorized to act pursuant to provisions of Resolution No. 127366, adopted the 22nd day of June, 2016, hereinafter called the PARISH, represented by Council Chairwoman, Cynthia Lee Sheng and the Jefferson Parish Finance Authority hereinafter referred to as the "JPFA", represented by Terry McCarthy, Executive Director.

WHEREAS, Article VII, Section 14(C) of the Louisiana Constitution of 1974 provides that for a public purpose, the State and its political subdivisions may engage in cooperative endeavors with each other, with the United States or its agencies, or with any public or private organization, corporation or individuals; and,

WHEREAS, the PARISH is authorized by Article 1 Section 1(13) of the Jefferson Parish Charter and the terms of the grant providing this endeavor, to establish and administer parish housing, urban rehabilitation, and urban conservation programs; and,

WHEREAS, the public purpose of this endeavor is to promote fair housing and provide affordable, decent, safe and sanitary housing in the PARISH; and,

WHEREAS, the transfer or expenditure of funds or property under this Agreement is not a gratuitous donation; and,

WHEREAS, the citizens of the PARISH will benefit from the efforts of these parties working together; and,

WHEREAS, the PARISH desires to cooperate with the JPFA in the implementation of the endeavor as hereinafter provided;

NOW, THEREFORE, the PARISH and the JPFA hereby agree as follows:

SECTION 1 -SERVICES

The PARISH has been designated as a recipient of HOME Investment Partnerships Program (HOME) Funds, as defined below. HOME is authorized under Title II of the Cranston- Gonzalez National Affordable Housing Act as amended. The U.S. Department of Housing and Urban Development (HUD) allocates funds by formula to eligible State and local governments for the purpose of increasing the supply of decent, safe, sanitary, and affordable housing to low-and very low-income families. State and local governments that become participating jurisdictions may use HOME funds to carry out multiyear housing strategies through acquisition, rehabilitation, new housing construction, and tenant-based rental assistance.

The JPFA shall, on behalf of the PARISH'S Office of Community Development ("Community Development"), administer the HOME Investment Partnerships Program (the "HOME Program") , which includes funding to homebuyers in the form of forgivable deferred payment loans, also referred to as "soft seconds", which are used to leverage private first mortgage financing in homeownership as established by Title II of the Cranston-Gonzales National Affordable Housing Act and Title 24 CFR 92.1 *et seq.* (the "HOME Funds")

The HOME Funds shall be administered by the JPFA as follows:

1. The JPFA shall advertise the HOME Program to identify and serve appropriate beneficiaries, especially under-served populations, through affirmative marketing steps that consist of actions to provide information and otherwise attract eligible persons in the PARISH to the available housing without regard to race, color, national origin, sex, religion, familial status or disability.

2. Potential participants in the HOME Program will make application to Community Development for HOME Funds to determine eligibility for HOME funds. Housing counselors will schedule appointments with potential participants to gather all required documentation,

3. Community Development shall review all applications and supporting documentation to determine eligibility of potential participants in the HOME Program, including but not limited to an applicant's personal eligibility, the amount of the grant the applicant is eligible to receive, the name of the applicant's lender as well as the eligibility of the property and the improvements thereon (the "Eligible Home"), all pursuant to HUD guidelines and other applicable law.

4. Upon approval and acceptance of an application for HOME Funds, Community Development shall forward to the JPFA all necessary information and documentation regarding the accepted participant in the HOME Program (the "Participant").

5. The JPFA shall contact the Participant's lender and schedule the disbursement of the HOME Funds, which funds shall be wired by the JPFA to the closings attorney or title company on or before the date of the closing of the Participant's purchase of the Eligible Home (the "Closing").

6. From the date of the Closing and thereafter, Community Development shall perform all monitoring of HOME Funds to ensure that the Participants remain in compliance pursuant to HUD guidelines and other applicable law.

The PARISH will monitor all services on a regular basis to assure contract compliance. Results of monitoring efforts shall be summarized in written reports and supported with documented evidence of follow-up action taken to correct areas of noncompliance.

The PARISH is hereby authorized to monitor all activities undertaken by the JPFA under the provisions of this Agreement to ensure compliance with its terms and applicable Federal, State, and Parish regulations regarding the expenditure of HUD and/or Parish funds. Monitoring activities will be scheduled annually or as needed at the determination of the PARISH.

SECTION 2 - LENGTH OF CONTRACT

The term of this Agreement shall commence on the adoption date of the ratification resolution and shall expire on June 30, 2017. The term of this Agreement and provisions herein shall be extended to cover any additional time period during which the JPFA remains in control of HOME Funds.

SECTION 3 – PAYMENT

In consideration of the services described above, the PARISH hereby agrees to provide an administrative fee to the JPFA in an amount not to exceed $1,820,996.19, which amount shall represent a maximum 10% of the origination of the HOME Funds (the "Administrative Fee"). The Administrative Fee is earned by the JPFA, and shall be due and payable to the JPFA upon closing.

The PARISH shall make a lump sum payment of $646,709.08 (the "First Traunch") to the JPFA upon execution of this Agreement. All HOME Funds granted to Participants under the First Traunch must be disbursed in the course of a home loan closing on or before August 22, 2016, pursuant to the terms and conditions of Section 1 of this Agreement. In the event any of the HOME Funds of the First Traunch are not utilized pursuant to the aforementioned deadline, said funds shall be returned to Community Development.

The PARISH shall make a lump sum payment of $968,742.00 (the "Second Traunch") to the JPFA on or before September 22, 2016 . All HOME Funds granted to Participants under the Second Traunch must be disbursed in the course of a home loan closing on or before June 1, 2017, pursuant to the terms and conditions of Section 1 of this Agreement. In the event any of the HOME Funds of the First Traunch are not utilized pursuant to the aforementioned deadline, said funds shall be returned to Community Development.

SECTION 4 - NOTICES

Notices required by this Agreement shall be in writing and delivered via mail (postage prepaid), commercial courier, or personal delivery or sent by facsimile or other electronic means. Any notice delivered or sent as aforesaid shall be effective on the date of delivery or sending. All notices and other written communications under this Agreement shall be addressed to the individuals in the capacities indicated below, unless otherwise modified by subsequent written notice.

Communication and details concerning this contract shall be directed to the following contract representatives:

PARISH
Tamithia P. Shaw, Director
Department of Community Development
1221 Elmwood Park Blvd. Ste 605
Jefferson, LA 70123

JPFA
Terry McCarthy, Executive Director
Jefferson Parish
1221 Elmwood Park Blvd. Ste 501
Jefferson, LA 70123

SECTION 5 - TERMINATION FOR CAUSE

The PARISH may terminate this Agreement for cause based upon the failure of JPFA to comply with the terms and/or conditions of the Agreement; provided that the PARISH shall give the JPFA written notice specifying the JPFA's failure. If within thirty (30) days after receipt of such notice, the JPFA shall not have either corrected such failure or, in the case which cannot be corrected in thirty (30) days, begun in faith to correct said failure and thereafter proceeded diligently to complete such correction, then the PARISH may, at its option, place the JPFA in default and the Agreement shall terminate on the date specified in such notice. The PARISH may exercise any right available to it under Louisiana law to terminate for cause upon the failure of the JPFA to comply with the terms and conditions of this Agreement; provided that the PARISH shall give the JPFA written notice specifying the JPFA's failure and a reasonable opportunity for the JPFA to cure the defect.

SECTION 6 - TERMINATION FOR CONVENIENCE

The PARISH may terminate the Agreement at any time by giving thirty (30) days written notice to the JPFA. Upon receipt of notice, the JPFA shall, unless the notice directs otherwise, immediately discontinue providing the Services.

SECTION 7 - ENTIRE AGREEMENT

This Agreement constitutes the entire Agreement between the PARISH and the JPFA, and supersedes all prior negotiations, representations or Agreements, either written or oral. This Agreement may be amended only by written instrument signed by both PARISH, through its Council Chairman and the JPFA by its authorized representative.

This Agreement is executed in four originals, in testimony whereof the parties hereto have executed this agreement on the day and year first above written in the presence of the undersigned competent witnesses.

WITNESSES:

Karen B. Guyeur

Gail LeNormand

PARISH OF JEFFERSON

Cynthia Lee-Sheng, Chairwoman
Jefferson Parish Council

Jefferson Parish Finance Authority

Karen B. Guyeur

Gail LeNormand

Terry McCarthy

Terry McCarthy
Executive Director

JEFFERSON PARISH RUSH

Office of the Parish Attorney

Michael J. Power
Parish Attorney

Michael S. Yenni
Parish President

Jeremy D. Dwyer
Deputy Parish Attorney

CERTIFICATION

In compliance with Jefferson Parish Code of Ordinances § 2-890, I certify that the proposed contract described below has been reviewed by the Parish Attorney's Office and it is my legal opinion that the proposed contract complies with all current legal requirements for such contract under federal, state and parish law. However, compliance with Jefferson Parish Code of Ordinances § 2-895.1, 2-925.2 and 2-933.5 cannot be determined due to the lack of an enforcement procedure in the ordinances. This Office has not reviewed any technical specifications of any contract and this certification applies only to the legal terms of the contract. This certification is made in reliance upon the certification of the requesting Department's Director that the Parish is in compliance with all grant requirements, as well as certification of the Department of Finance regarding the availability of funds, and the legality of all financial transactions pursuant to Jefferson Parish Charter § 4.02(A)(5).

Contract Description: A Resolution authorizing Jefferson Parish to enter into a Cooperative Endeavor Agreement with Jefferson Parish Finance Authority setting forth the terms, conditions, scope of services, for the expenditure of HOME Investment Partnerships Program funds to operate the First Time Home Buyers Program.

Parish Council Approval: Resolution No. 127366 adopted on June 22, 2016.

MICHAEL J. POWER
Parish Attorney, Jefferson Parish

Sworn to and subscribed before me,
Notary Public on the 8th day of
July, 2016.

Ashley Deshotels
Signature
Ashley Deshotels
Printed Name
#35750
Notary or Bar Roll Number

On motion of **Mr. Roberts**, seconded by **Ms. Lee-Sheng**, the following resolution was offered as amended.

RESOLUTION NO. 127366

A resolution authorizing Jefferson Parish to enter into a Cooperative Endeavor Agreement with **Jefferson Parish Finance Authority** setting forth the terms, conditions, scope of services, for the expenditure of HOME Investment Partnerships Program funds to operate the First Time Home Buyers Program. (Parishwide)

WHEREAS, there are low/moderate income persons in Jefferson Parish that are in need of positive programs that will empower them to become homeowners and help to solidify the continuity of citizens residing in Jefferson Parish; and,

WHEREAS, the lack of income can inhibit the ability of those low/moderate income persons in Jefferson Parish from becoming homeowners, and;

WHEREAS, the Jefferson Parish Finance Authority can provide low/moderate income persons of Jefferson Parish, with access to lenders and programs funds that can assist with the dream of homeownership, and;

WHEREAS, a funding source has been identified to provide the Jefferson Parish Finance Authority with partial funding for operation of a First Time Homebuyers Program, and;

WHEREAS, the term of the agreement between Jefferson Parish and the Jefferson Parish Finance Authority will commence from the adoption date of the ratification resolution and shall expire on June 30, 2017 , and;

NOW THEREFORE, BE IT RESOLVED, by the Jefferson Parish Council of Jefferson Parish, Louisiana, acting as governing authority of said Parish, and;

SECTION 1. That Jefferson Parish is authorized to enter into a Cooperative Endeavor Agreement between the Parish of Jefferson and Jefferson Parish Finance Authority to provide administration of funding to those low/moderate income persons qualifying for HOME funds of up to $50,000.00 per individual for operation of a First Time Homebuyers Program, and;

SECTION 2. That no work associated with this project shall be authorized by Jefferson Parish until a funding source is established. That when a funding source is established for financing necessary services associated with this project, proper account lines will be established..

SECTION 3. The term of the agreement between Jefferson Parish and the Jefferson Parish Finance Authority will commence from the adoption date of the ratification resolution and shall expire on June 30, 2017, and;

SECTION 4. That the Chairwoman of the Jefferson Parish Council or in her absence the Vice Chairman, be and is hereby authorized to execute said amendment

The foregoing resolution, having been submitted to a vote, the vote thereon was as follows:

YEAS: 7 **NAYS: None** **ABSENT: None**

The motion was declared to be adopted on this the **22nd day of June, 2016.**

THE FOREGOING IS CERTIFIED
TO BE A TRUE & CORRECT COPY

Eula A. Lopez

EULA A. LOPEZ
PARISH CLERK
JEFFERSON PARISH COUNCIL

16-07-001

PARISH OF JEFFERSON
COVER SHEET FOR ALL PARISH CONTRACTUAL AGREEMENTS AND/OR AMENDMENTS

RUSH

Contractor's Name: Jefferson Parish Finance Authority

Contact Person: Terry McCarthy, Executive Director

Street Address: 1221 Elmwood Park Blvd Suite 505

City: Jefferson State: LA Zip: 70123

Contact Phone: 504-736-6311

Contact Email: TMccarthy@jeffparish.net

Department: COMMUNITY DEVELOPMENT

Type of Service: CEA

AUTHORIZATION OF:

Resolution No.: 127366 Adopted on: 6/22/2016

Ordinance No.: RFP/Bid No.:

Payment Bond Required?: No Bond Amount: .00

Fidelity Bond Required?: No Bond Amount: .00

Performance Bond Required?: No Bond Amount: .00

Amendment to Contract: No

Previous Resolution/Ordinance No.:

Contract Amendment Amount: .00

Previous Contract Amount: .00

Total Contract Amount: 1,615,451.08

Description of Services to be Provided:
for the expenditure of HOME Investment Partnerships Program funds to operate the First Time Home Buyers Program.

Special Instructions:

APPROVED BY:

Department Head: [signature] Date: 7-8-16

Finance Director: Kerry Schrueffer Date: 7/8/16

Parish Attorney: Toni Hurley Date: 7/8/16

*Assistant Parish Attorney

*Review as to Form. Document Complies with Authorizing Ord/Res

Council Chief of Staff: Lowell Burmaster

7/12/16 Mr. McCarthy took his copy. [initials]

COUNCIL CHAIRMAN CONTACT LOG: 2016	DATE
Received: [initials]	7-11
Signed Date: [initials]	7-11
Del. To Parish Clerks [initials] 249	7-12

Attachment R

The Jefferson Parish Finance Authority Response

JEFFERSON PARISH FINANCE AUTHORITY

Response to

JPOIG CONFIDENTIAL DRAFT AUDIT REPORT
2016-0021

November 16, 2017

JEFFERSON PARISH FINANCE AUTHORITY

VALERIE W. BROLIN
EXECUTIVE DIRECTOR

GORDON R. KONRAD
GENERAL COUNSEL

MEMORANDUM

To: David McClintock, Inspector General

From: Gregory G. Faia, Chairman, Board of Trustees

Date: November 16, 2017

Re: Response to Draft JPOIG Audit 2016-0021, Jefferson Parish Finance Authority

Enclosed please find the Jefferson Parish Finance Authority's response to the referenced audit produced by your office.

1221 ELMWOOD PARK BOULEVARD, SUITE 505, JEFFERSON, LA 70123
OFFICE 504.736.6311-FAX 504.736.6313

Executive Summary

The Jefferson Parish Finance Authority (the "JPFA") is in receipt of the Jefferson Parish Office of the Inspector General's (the "JPOIG") Confidential Draft Audit Report 2016-0021 (the "Report") entitled Jefferson Parish Finance Authority. The objective of this response is to outline the position of the JPFA on each of the twelve (12) findings outlined in Attachment A of the Report. Should the stated position include a corrective action for any finding, that corrective action will be summarized within the body of this document.

The JPFA is committed to its mission of bringing homeowners to Jefferson Parish through the administration of tax-exempt bond programs, in addition to its current market rate programs that provide down payment assistance to potential homeowners.

Finding # 1: JPFA Employees Misclassified as Parish Employees

On December 3, 1987, a letter was sent by then Jefferson Parish Personnel Director, Roy Stewart, to the Chairman of the JPFA Board of Trustees (the "Board") stating that the JPFA (then Jefferson Parish Home Mortgage Authority) must be classified. The letter is attached hereto as Attachment "A." At that time, the JPFA's employees were placed in Jefferson Parish Civil Service and the JPFA has operated in accordance with that directive since. The JPFA will comply with the course of action determined by the Office of the President for the Parish of Jefferson (the "Administration") as a result of this Finding #1.

Finding # 2: Executive Director Misclassification as a Parish Employee

The process by which Mr. Terry McCarthy was appointed Executive Director of the JPFA is outlined in a directive from Tim Whitmer, then Chief Administrative Officer for Parish President Broussard, dated May 14, 2009. This directive is included in the Report as Attachment "F." Mr. McCarthy has since retired.

Valerie Brolin ("Brolin") was hired as the Executive Director of the JPFA and completed the necessary documentation with the Parish of Jefferson's (the "Parish") Human Resources Department terminating her appointment as a Chief Administrative Assistant for the Administration as of September 8, 2017. An employment contract was executed by Brolin and the JPFA's Board of Trustees' Chairman, Gregory G. Faia, by resolution on September 15, 2017. The employment contract acknowledges that the Executive Director is solely employed by the JPFA and not the Parish. A copy of which is attached hereto as Attachment "B."

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

The Assistant Director's status as a Parish employee was maintained in compliance with the above referenced directive from Roy Stewart attached hereto as Attachment "A." The Assistant Director referenced in this Finding #3, Ms. Sheila Rodrigue, has since retired, effective as of November 3, 2017. The Assistant Director position is currently vacant and the JPFA does not intend to fill said vacancy.

Finding # 4: Parish Retirement Benefits

As outlined in the Report, the JPOIG concluded that because the JPFA employees are misclassified as Parish employees, they are wrongfully participating in the Parochial Employees Retirement System of Louisiana (PERSLA) as members. **It is important to note that although the JPFA employees are classified parish employees participating in PERSLA, this benefit, along with all other benefits received by these employees, is funded one hundred (100%) percent by the JPFA.**

It is the position of the JPFA and the Administration that all employees assigned to the JPFA, except for Brolin, are properly classified as Parish employees. Since taking her position as Executive Director, Brolin has received written confirmation from Dainna Tully, Administrative Director of PERSLA, regarding her eligibility to participate as a member of PERSLA as an employee of JPFA, and not the Parish. Said confirmation was received on October 17, 2017 concluding that as long as the Parish remains the JPFA paymaster, all employees of the JPFA are eligible to participate as members of PERSLA as they meet the definition of employee as per LA R.S. 11:1902. A copy of this confirmation letter is attached hereto as Attachment "C."

Finding # 5: Excessive Trustee Per Diem Payments

Regarding the recommendation by the JPOIG to reduce meeting frequency, the Board of Trustees will revisit this recommendation at the completion of this evaluation and eminent transition period. With a new Executive Director, the loss of the JPFA's Assistant Director, and her invaluable institutional knowledge, it would be irresponsible for the Board of Trustees to reduce its oversite at this time.

Finding # 6: Travel Expenses

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

Additionally, the car allowance for Brolin has been adjusted to meet the IRS mileage reimbursement guidelines.

Finding # 7: Professional Service Fees

The Executive Director will evaluate current policies and controls regarding procurement and make recommendations to the Board that will include the continued advertisement for professional services via a Statement of Qualifications or Request for Proposals. In addition, the JPFA's General Counsel has sought, via a Board resolution, an opinion from the Attorney General's Office regarding his compensation structure. Additionally, the JPOIG references the amount of professional service fees paid by the JPFA in FY 2015 and 2016. Professional service fees were paid for services provided in conjunction with financial transactions of the JPFA, including the sale of mortgage backed securities and redemption of bonds. These fees are consistent with industry norms. The professional fees referenced in the Report are 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.

Finding # 8: Premium Pricing to Borrowers-SMAP

The Board strongly denounces the JPOIG's Finding #8 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%) percent down payment assistance ("DPA") 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 DPA.

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 DPA. Although a higher interest rate is not always the case, the JPFA made the decision three (3) years ago to modify its disclosure in an effort to eliminate any possible miscommunication. The JPFA's disclosure, Exhibit D, is attached hereto as Attachment "D."

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.

The JPFA requests clarification and further detail from the JPOIG regarding the statement made under Finding #8 as it relates to the calculation/extrapolation that borrowers pay up to four times the grant amount over the life of the loan.

Finding # 9: Overpaid HOME Fund Service Fees

The Parish's Department of Community Development ("Community Development") initiated a Cooperative Endeavor Agreement (the "CEA") with the JPFA whereby the JPFA was to administer the distribution of funds and market the HOME program. Once the JPFA began administering, it learned there was no need to market the HOME program because Community Development had a list of pending recipients. As a result, the JPFA did not have to perform any marketing services and was able to originate all of the funds without expending resources for marketing purposes. Therefore, the funds that were identified for marketing in the CEA were returned. Currently, the employees in the JPFA's office continue to wire funds on behalf of Community Development and comply with HUD guidelines.

Finding # 10: Agency Financial Position and Future Sustainability

Budget. With regard to the budget, the JPFA historically adopts an extremely conservative budget and typically outperforms the projections. The budgets reflect the operations of the JPFA and fully comply with Louisiana state law. The extraordinary items noted in the report were not planned at the time of budget preparation. These transactions are based on opportunities that present themselves during the fiscal year. It would be irresponsible to try to predict these market driven extraordinary items.

Performance. With regard to the performance of the JPFA, below is a true summary of the audited financial history:

SUMMARY OF FINANCIAL HISTORY ($000)

	2014	2015	2016
Revenues	$4,424	$1,501	$3,167
Expenses	3,463	2,380	2,289
Net Gain (Loss)	961	(879)	878
Less: Non-cash Gains (Losses)	231	(719)	(1,001)
Net Cash Flow	730	(160)	1,879

The numbers above indicate that the JPFA has operated profitably (or very close) in recent years despite the unfavorable bond market. The JPFA has continued to build its cash balances which will enable it to operate and continue to place people in homes in the Parish for many years to come.

The ultimate goal is for the JPFA to once again offer tax-exempt bond programs when the favorable market to do so returns. The JPOIG captured a two year period in which there were no tax-exempt bond programs available. Therefore, a lower productivity was expected. With the return of a favorable bond market, the production at the JPFA will increase significantly. This is the cyclical nature of the municipal housing finance industry.

Currently, our SMAP fulfills a niche of the market that brings success to the JPFA. With Brolin's new marketing plan (including a logo, website, and social media/digital marketing campaign), the JPFA's loan volume will increase, along with revenues. Furthermore, new programs and enhancements to existing programs are constantly under consideration and development.

Finding # 11: Questionable Operating Transfers

A common practice of the municipal housing finance industry is to sell certain bond assets after a period of time passes and in depth analysis of sale profitably is completed. The JPFA has bond programs outstanding on which it earns issuer fees. The amount of these fees varies by program and is built into the mortgage rate. Therefore, as long as the borrower is servicing his mortgage, the JPFA receives revenue. As is the case with most mortgages, once it becomes seasoned, prepayments and refinances typically begin. This is especially the case in a low rate environment like the one we are in currently. History shows that the average mortgage remains outstanding for approximately seven (7) years before refinancing takes place. Once the mortgages are prepaid due to refinance, the issuer fee stops and the JPFA receives no additional revenue.

In addition, the value of the mortgages changes over time. As rates decline, the existing 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 fees received based on prepayment speeds versus the income gained from the sale of these mortgages. The evaluation that the Board conducts determines whether the potential future income is greater than the surplus generated from the sale considering the risk of prepayment and refinance.

There is no risk to bidding the sale as the bids do not have to be accepted if they are not high enough. The mortgages were only sold once it was determined that surplus from the sale was greater than the future revenue. Once sold, the surplus from the sale is transferred to the JPFA residual account from the specific bond fund as the surplus becomes cash of the JPFA and is no longer security for the bonds. These funds are not the "residual or the remainder" of the JPFA as noted by the JPOIG. Rather, they are a surplus from the specific bond indenture and transferred to the JPFA. The reference made by the JPOIG would pertain to the funds remaining should the JPFA cease to exist, in which case, those would be transferred to the Parish as beneficiary of the JPFA's trust.

Finding # 12: Governance

The Executive Director will present to the Board a comprehensive policies and procedures manual specific for the JPFA. The JPFA will research several options as it relates to its current relationship with the Parish. The JPFA may enter into an Intergovernmental Agreement ("IGA") with the Parish to codify the Parish services and benefits it has accessed at its own expense since its inception in 1979. This IGA will outline the appropriate payment for each service, benefit, and the reimbursement to the Parish for each. This is one potential option for the JPFA, while others are being considered at this time.

Conclusion

While the Jefferson Parish Finance Authority acknowledges the efforts of the JPOIG, the Report does not include a comprehensive presentation of the overall JPFA financial picture and includes only some facts chosen to support JPOIG conclusions. It is especially concerning that the JPOIG would overlook certain financial information, therefore placing the JPFA, which is vital to assisting new homeowners in Jefferson Parish, in the poorest posture possible.

Specifically, Finding # 10 states, "the JPFA's Board approved budget for 2017 only covers the operations fund and contained a planned deficit of $291,560." What is not disclosed is that in each of the most recent years examined, revenues exceeded budgeted revenues and operating expenses were much less than budgeted operating expenses. As listed on page 166 of the Report, total operating revenues exceeded total operating expenses by $878,000 for FY 2016. The fund balance grew from $9,726,000 to $10,604,000 as of December 31, 2016.

The JPOIG must consider that there are additional elements of operating revenue that equal total operating revenue and the same is true for operating expenses. Even if the JPFA used the JPOIG projection of deficit spending, the fund balance for the authority is over $10,604,000. The JPFA does not anticipate a deficit to continue, but even with a deficit of $200,000, the JPFA has reserve funds equal to 47.6 years of deficits, while continuing to place people in homes, growing the Parish tax base, and positively influencing economic development.

The JPOIG opines on the JPFA's future sustainability, but page 164 of the Report is copied directly from the JPFA 2016 independent audit. That audit includes the following comments regarding economic factors that impact the JPFA and its budgeting:

- *Mortgage rates remain low, creating continued pressure on the existing programs to reduce user fees through mortgage rate financing (reductions);*
- *Long term planning for the bond program 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.*

It is important to acknowledge that the market has the most significant impact on the JPFA operations. If one reviews the total net position for the years 2014-2016, found on pages 162-163 of the Report, fluctuation is noted: 2014- $10,605,000; 2015-$9,726,000; 2016-$10,604,000.

ATTACHMENT A

JEFFERSON PARISH
LOUISIANA

367-6611
AREA CODE 504

PERSONNEL DEPARTMENT
Room 818 Courthouse
Gretna, La. 70053
Roy Stewart, Director

PERSONNEL BOARD
Philip S. DeAmore, Chairman
John C. Combe, Jr., Member
Louis G. DeSonier, Jr., Member

December 3, 1987

Mr. William A. Lozoro, Jr., Chairman
Jefferson Parish Home Mortgage Authority
Joseph S. Yenni Building - Room 505
1221 Elmwood Park Boulevard
Harahan, Louisiana 70123

Dear Mr. Lazoro:

As a result of recent, unrelated, court litigation and correspondence with the Parish Attorney, our attention was called to the fact that the Home Mortgage Authority is a public corporation, created by Parish Ordinance, to serve Parish needs, and that the two current employees of the Authority are being treated as "unclassified". During its meeting held on November 30, the Personnel Board concluded that these two positions must be classified.

Article 4, 4.03 of the Charter, and Rule I, 34, of the Personnel Rules, define "Parish Service" or "Civil Service of the Parish" as: ". . . all offices and positions of trust or employment in the Parish . . . or <u>any corporation organized for public purposes</u> . . . <u>irrespective of whether paid out of the Parish Treasury</u> . . . ." (underscoring supplied for emphasis). There are no apparent exceptions for the two positions in question.

Forwarded herewith are two sets of our standard classification questionnaire forms. Please give these forms to the two employees in question, Mrs. Joycelyn M. Messina and Miss Chere Currault, and instruct them to complete the forms, have them reviewed and signed by you, and return them to our office not later than Friday, December 18, 1987. If the employees have any questions, or need any assistance, please ask them to call Mr. Martin Schwegmann, Assistant Personnel Director. Based on the information supplied, the appropriate job classifications will be determined.

Once the job classifications are decided, the occupants' status must be resolved. In accord with precedent, the incumbent employees would be required to file personal history records, and their qualifications would be checked to see if they posess those required for the classes of work involved. In the past, permanent status has been granted to qualified incumbents who have been employed at least six (6) months.

Your cooperation and assistance is appreciated. Please call me or Martin Schwegmann, if you have any questions.

Sincerely,

Roy Stewart

ROY STEWART
Personnel Director

RS/alv

cc: Members of the Personnel Board
Council Chairman
Parish President
Employees Joycelyn Messina and Chere Currault

29. "Leave year": a continuous period of twelve (12) calendar months beginning on January 1 of any year.

30. "List": an employment list, an original entrance employment list, a promotion employment list, or a re-employment list.

31. "Open list": a list to which eligibles may be added from time to time through the continuous examination procedure.

32. "Organization unit": any administrative agency or part thereof that is designated by rule or regulation as a unit for purposes of administration of the Law or of the administration of the Rules and Regulations of the Personnel Board.

33. "Original entrance employment list": an employment list for a class resulting from tests of fitness open to all applicants who meet the prescribed requirements for admission to the tests, regardless of prior employment in the classified service.

34. "Parish service" or "civil service of the Parish": all offices and positions of trust or employment in the Parish, or any department, agency, board, commission, or any division or subdivision of any department, agency, board, or commission, or any corporation organized for public purposes, including persons employed by the Parish or joint federal and Parish agencies administering Parish and federal relief and other funds, other than the military and naval service, irrespective of whether the pay for the offices and positions of trust or employment be paid out of the Parish treasury, either in whole or in part, except those positions excepted by the provisions of Section 4.03 A et seq. of the Jefferson Parish Home Rule Charter.

Rule I

35. "Pay": salary, wages, fees, allowances, and all other forms of valuable consideration, or the amount of any one or more of these, earned by or paid to any employee by reason of service rendered in any position, but excluding allowances for expenses authorized and incurred as incidents to employment.

36. "Pay plan": all the scales or rates of pay prescribed under the provisions of the Law by the Board and approved by the Parish Council for classes of positions in the classified service.

37. "Pay status": an employee's presence for work or absence on authorized leave with pay during and throughout each working day in a specified pay period.

parish department, office, agency, or special district; for the custody of all bonds and securities of the parish and those of any of its departments, offices, agencies, or special districts. The Council shall designate a depository or depositories for such funds in accordance with law and shall require such security for parish deposits as it deems desirable and as is authorized or permitted by law.

J. The Council shall provide for the continuing or periodic independent post-audit of the accounts and other evidences of all financial transactions of the parish, including those of all parish departments, offices, agencies, and special districts. Auditors shall be designated by the Council, shall be without personal interest in the affairs subject to audit, shall be qualified by training and experience, and shall be certified public accountants. The Council may accept audits by the State, if such are made, that satisfy the requirements of this section. Either the Council or the President may at any time order an examination of the accounts of any department, office, agency, or special district of the parish.

K. No parish official or employee shall vote upon or otherwise participate in any financial transaction of the parish, or of any of its departments, offices, agencies, or special districts, if he has any direct or indirect financial interest in such transaction. Willful violation of this section shall be grounds for removal from office.

L. Such officers and employees as the Parish Council may designate shall give bond in the amount and with the surety prescribed by the Council. The bond shall not be recorded in the office of the Clerk of the District Court nor shall act as a legal mortgage against the property of the principal or surety thereon. The premiums on the bonds shall be paid by the parish.

Charter

Section 4.03 Personnel Administration

A. It shall be the policy of the parish to employ those persons best qualified to perform the functions of the parish and to foster effective career service in parish employment. All appointments and promotions in the service of the parish and of each of its departments, offices, agencies, and special districts shall be made on the basis of merit and fitness, which shall be determined, insofar as practicable, by competitive test except that the following shall not be subject to the provisions of Section 4.03 regarding appointment, promotion, and dismissal:

(1) The Parish President.

(2) The directors of departments and heads of principal offices provided that the procedures prescribed in Section 4.03E(2) shall apply to the appointment of the Personnel Director.

(3) The Parish Clerk.

(4) Members of advisory boards and other unpaid bodies who are not parish employees.

(5) Organizations and their employees and other persons who are engaged by the parish on a contractual basis.

(6) The Parish Attorney and his legal assistants.

B. The appointment and dismissal of employees in the service of the elected officials subject to this Charter shall be made by the elected officials rather than the Parish President, but, nevertheless, shall be subject to the provisions of this Section 4.03.

C. There shall be a personnel department consisting of a Personnel Director, who shall be the executive head of the department, and a Personnel Board, which shall be policy-making and quasi-judicial in nature.

(1) The Personnel Director shall be appointed by the Personnel Board. The Personnel Director shall be qualified by special training and experience in public personnel administration and shall be responsible to the Board for the administration of the personnel system for the parish, including all parish departments, offices, agencies, and special districts in accordance with personnel rules adopted pursuant to this section.

(2) The Personnel Board shall be appointed by the Parish President as provided below and shall consist of three electors of Jefferson Parish, who hold no other public office or position in the parish and are known to be in sympathy with merit principles of public personnel administration. The first members shall be appointed for terms of two, four, and six years, respectively. Thereafter appointments shall be for six-year terms. One

member shall be appointed by the President with the approval of the Council. One member shall be appointed by the President from a list of three persons submitted by the President of Tulane University. One member shall be appointed by the President from a list of three persons submitted by the President of Loyola University of the South. The presidents shall make such nominations within 30 days after any vacancy occurs, and appointments shall be made by the Parish President within 30 days after nominations have been submitted. Should the President fail to appoint within 30 days, the first named nominee shall automatically become a member of the Board. Whenever the term of a Board member expires or there is a vacancy in an unexpired term, the Parish President shall make an appointment in the same manner as the original appointment was made. A member of the Board may be removed for cause after notice by the President and public hearing by the Council. Members of the Board may be paid a per diem allowance and may be reimbursed for necessary expenses incurred in official duties as may be determined and approved by the Council.

D. The duties of the Personnel Director shall include but shall not be restricted to the following:

(1) To develop and, upon adoption, to administer a position classification plan which shall provide for the classification of all positions on the basis of the duties and responsibilities of each position. The classification plan shall be submitted to the Personnel Board, and it shall become effective upon approval by the Personnel Board after public hearing.

(2) To develop and, upon adoption, to administer a salary plan for all positions in the parish service. Such salary plan shall be submitted to the Personnel Board, which, after public hearing, shall submit it, together with such amendments as it deems necessary, to the Council through the Parish President. The plan shall become effective upon approval by the Council.

(3) To prepare personnel rules to carry out the pro-

visions of this section. These rules shall be submitted to the Personnel Board which, after public hearing, shall make such amendments as it deems necessary and shall submit the proposed rules to the Council through the Parish President. These rules shall become effective upon approval by the Council. Such rules shall apply to all parish departments, offices, agencies, and special districts and shall provide for:

(a) Policies and procedures for the administration of the classification plan.

(b) Policies and procedures for the administration of the salary plan.

(c) Policies and methods for holding competitive tests to determine the merit and fitness of candidates for original appointment and promotion.

(d) The establishment and maintenance of lists of of persons eligible for appointment by reason of successful participation in competitive tests, and procedures for the certification of persons from the eligible lists for filling vacancies.

(e) The procedure for lay-off, suspension, demotion, and dismissal of employees, which shall provide for public hearings before the Personnel Board in cases of demotion or dismissal of permanent employees.

(f) Hours of work, attendance regulations, and sick and vacation leave.

(g) Prohibition against political activity of employees and assessment for political purposes.

(h) A retirement system for parish employees which shall take into account any existing system or systems.

(i) Other policies, practices, and procedures necessary to the administration of the parish personnel system.

E. The Personnel Board shall review the classification plan, the pay plan, and the rules as provided in Section 4.03D and in addition thereto shall:

(1) Hold hearings on dismissals, demotions, and other disciplinary matters as may be provided in the rules. The decisions of the Personnel Board in these matters shall be final.

(2) Examine candidates and select a qualified person for the position of Personnel Director whenever there is a vacancy in the position.

(3) Make any investigations it deems desirable concerning personnel management in the parish service and report its findings to the Council through the Parish President.

(4) Perform such other policy-making or quasi-judicial duties as may be required under the rules developed pursuant to this section.

F. Any person holding a full-time position subject to this section when this Charter takes effect, who served in that position at the time the Charter was adopted by the electors of the parish, and at least one year prior thereto, shall continue in his position without competitive test but shall be subject in all other respects to this section.

Section 4.04 Legal Services

There shall be a department of law headed by a Parish Attorney, who may appoint and remove his assistants. The Parish Attorney shall be appointed by the President with the approval of the Council and shall serve at the will of the President. He shall devote his full time to the service of the parish and shall serve as legal counsel to the Council, the President, and all parish departments, offices, agencies, and special districts, and perform such other legal duties as may be assigned to him by administrative regulations adopted pursuant to this Charter. The assistant parish attorneys may be part-time employees and shall be electors of the parish.

Section 4.05 Planning

There shall be a planning department headed by a Planning

ATTACHMENT B

AMENDED AND RESTATED

EMPLOYMENT AGREEMENT

BETWEEN

THE JEFFERSON PARISH FINANCE AUTHORITY

AND

VALERIE BROLIN

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT is made and entered into as of the 6th day of September, 2017, by and between The Jefferson Parish Finance Authority, a public trust and public corporation created for the benefit of the Parish of Jefferson, State of Louisiana (the "Authority"), and Valerie Brolin (the "Executive Director").

W I T N E S S E T H:

WHEREAS, the Authority entered into that certain Employment Agreement with the Executive Director dated September 11, 2017 (the "Original Agreement"); and

WHEREAS, the Authority hereby desires to amend and restate the Original Agreement in its entirety through the execution and delivery of this Amended and Restated Employment Agreement (the "Agreement"); and

WHEREAS, the Executive Director desires to become employed by the Authority, and the Authority believes that the Executive Director would be a valuable employee and desires to employ the employment of the Executive Director pursuant to the terms and conditions of this Agreement; and

WHEREAS, the parties hereto acknowledge that the Authority is a public trust and public corporation created for the benefit of the Parish of Jefferson (the "Parish"), and that, as such, the Executive Director will be solely employed by the Authority and not the Parish; and

WHEREAS, the parties hereto do, however, desire to follow certain policies, procedures and guidelines established by the Parish, due to the fact that the duties and responsibilities of the position of Executive Director are commensurate in many respects to the duties and responsibilities of the Parish's position of Chief Operating Officer, according to the Parish's Executive Pay Plan (as defined below).

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations of this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **EMPLOYMENT**. Subject to all of the terms and conditions of this Agreement, the Authority hereby employs the Executive Director, and the Executive Director hereby accepts employment with the Authority, as its Executive Director.

2. **DUTIES**. The Executive Director hereby agrees to perform all essential functions outlined in the Position Description attached hereto and made a part hereof as Exhibit "A".

3. **COMPENSATION**. As compensation for all of the Executive Director's services under this Agreement, the Authority agrees to pay the Executive Director and the Executive Director agrees to accept the following:

(a) Base Salary. In consideration of the services described above, the Authority hereby agrees to pay to the Executive Director a salary of $120,393.00 per annum. Said payment shall be made in accordance with the standard payroll practices of the Parish, including salary and periodic classification reviews and adjustments.

(b) Benefits Package. As additional compensation, the Executive Director shall be entitled to receive a benefits package that is commensurate with the Parish's standard benefits package for the position with the job code of 100, an FSLA Status of an E and a pay grade of a 28, pursuant to the *Jefferson Parish Department of Human Resource Management Executive Pay Plan, revised July 2017* (the "Executive Pay Plan"), a copy of which is attached hereto and made a part hereof as Exhibit "B".

(c) Automobile Allowance. The Executive Director shall be entitled to an automobile allowance that is commensurate with the Parish's then-current mileage reimbursement policy, a copy of which is attached hereto and made a part hereof as Exhibit "C".

(d) Telephone Allowance. The Executive Director shall be entitled to a monthly telephone allowance that is commensurate with the Parish's then-current cellular telephone expense reimbursement policy, a copy of which is attached hereto and made a part hereof as Exhibit "D".

(e) Expenses. Executive Director will be entitled to reimbursement for reasonable expenses incurred in connection with her services described above with approval of the Authority's Board of Trustees.

4. **TERMINATION FOR CONVENIENCE**. The Authority may terminate the Executive Director at any time by giving thirty (30) days written notice to the Executive Director.

5. **OWNERSHIP**. All records, reports, documents and other material delivered or transmitted to the Executive Director by the Authority shall remain the property of the Authority,

and shall be returned by the Executive Director to the Authority, at Executive Director's expense, at the termination of this Agreement. All records, reports, documents, or other material related to this Agreement obtained or prepared by Executive Director in connection with the performance of the essential functions contracted for herein shall become the property of the Authority, and shall, upon request, be returned by the Executive Director to the Authority, at the Executive Director's expense, at termination of this Agreement.

6. **PROHIBITION.** The Executive Director shall immediately resign or forfeit employment with the Authority upon qualifying as a candidate for any public elective office *or* engaging in fund raising, directly or indirectly, to support a candidacy for public elective office whichever of the two events occurs first.

7. **APPROVALS.** This Agreement is not effective until approved by the Board of Trustees of the Authority.

8. **ALTERATIONS**. Any alterations, variations, modifications, or waivers of provisions of this Agreement shall be valid only when they have been reduced to writing, duly signed, and attached to the original of this Agreement.

9. **JURISDICTION.** Any claim or controversy arising out of this contract shall be resolved in the Parish of Jefferson.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

EMPLOYER:

THE JEFFERSON PARISH FINANCE AUTHORITY

By: Greg Faia
Its: Chairman

EMPLOYEE:

EXECUTIVE DIRECTOR

Valerie Brolin

Valerie Brolin

ATTACHMENT C

Parochial Employees' Retirement System

OF LOUISIANA

DAINNA S. TULLY, ADMINISTRATIVE DIRECTOR

P.O. BOX 14619
BATON ROUGE, LA 70898-4619

7905 WRENWOOD BLVD
BATON ROUGE, LA 70809

TELEPHONE
(225) 928-1361
FACSIMILE
(225) 923-0933

October 17, 2017

Jefferson Parish Finance Authority
Attn: Ms. Valerie Brolin
1221 Elmwood Park Blvd., Suite 505
Jefferson, LA 70123

Dear Ms. Brolin:

This letter is in response to your correspondence dated October 10, 2017. If Jefferson Parish remains the paymaster for employees of the JPFA and continues to collect and remit contributions to PERS on a monthly basis for these employees along with all employees of Jefferson Parish, the employees of the JPFA will meet the definition of employee contained at R.S. 11:1902.

Sincerely,

Dainna S. Tully

Dainna S. Tully
Administrative Director

ATTACHMENT D

Revised 9/2015

EXHIBIT D

SOUTHERN MORTGAGE ASSISTANCE PROGRAM

Administered by

JEFFERSON PARISH FINANCE AUTHORITY

To: Lender: ______________________ Date: ______________________

From: The Jefferson Parish Finance Authority, Jefferson Parish, Louisiana (the "Authority") a public trust.

Subject: Notice of Down Payment/Closing Cost Assistance Grant

Congratulations on participating in the "Jefferson Mortgage Assistance Program" (the "Program") offered by the Authority. Please be advised that the Authority is providing either 3% or 4% down payment and/or closing cost assistance grant, with respect to mortgage loans to be pooled into GNMA Certificates or 3% down payment and/or closing cost assistance, with respect to mortgage loans to be pooled into Freddie Mac Certificates, in each instance with no repayment of the grant required, recognizing that the interest rate on a mortgage loan will be higher than otherwise available due to this benefit; all to be used in conjunction with the Program as follows:

Homebuyer(s): ______________________

Property Address: ______________________

Amount of Grant $______________________ which is 3% or 4% (circle one) of the total loan.
Do not round Amount of Grant

This grant will be funded by the Authority and no portion of these funds was made available to the Authority by a person or entity with an interest in the sale of the properly. The grant will be funded at time of closing of the first mortgage loan.

SOUTHERN MORTGAGE ASSISTANCE PROGRAM
administered by Jefferson Parish Finance Authority

By:______________________
Authorized Representative
Joseph S. Yenni Building
1221 Elmwood Park Blvd., Suite 505
Harahan, LA
(504)736-6311

HOMEBUYER 1 | HOMEBUYER 2

______________________ | ______________________
Signature

______________________ | ______________________
HOMEBUYER 1 (print name) | HOMEBUYER 2 (print name)

Date______________________ | Date: ______________________

Originals: Lender
Copies: Borrower(s), Standard Mortgage Corporation, Case Binder, Authority

Attachment S

The Jefferson Parish Finance Authority Board Trustee Response

Marcy Planer response to Confidential Draft Audit Report- Jefferson Parish Finance Authority- 2016-0021

Introduction

I was appointed to the Board of Trustees (Board) of the Jefferson Parish Finance Authority (JPFA) in February 2016 by 5th District Councilwoman Jennifer Van Vrancken. I wanted to serve because I felt my expertise in the housing/real estate industry as an attorney (since 1986) and Realtor (since 1993) could be beneficial to the JPFA. In addition, I believe it is important that our government boards and commissions are diverse and reflect the demographics of Jefferson Parish. (I am the sole female appointment)

My response is in addition to the official Board response, as we were advised by our general counsel that the Jefferson Parish Office of Inspector General (JPOIG) would like board members to respond individually.

I am optimistic that the JPFA is going in the right direction with new leadership. Reforms have already begun and will continue with the selection of a new Executive Director, Valerie Brolin.

Despite the Board's desire to work with the JPOIG and correct any deficiencies, there are several findings that are significant and cannot be downplayed and/or forgotten. My response will address the issues/findings that I have focused on thus far in my tenure as a board member on the JPFA.

Finding #5: Excessive Trustee Per Diem Payments

I have been critical on multiple occasions of our weekly meetings. My effort to convince other board members that weekly meetings are unnecessary and wasteful has failed. I have pointed out other governmental boards and agencies that do not meet so frequently.

Some of the examples I have presented include the following:

Jefferson Parish Council (twice a month),

Jefferson Parish School Board (monthly)

Capitol Area Finance Authority (monthly)

Louisiana Housing Corporation (monthly)

New Orleans Redevelopment Authority (regular board meetings every other month)

We can easily amend our bylaws to reduce the number of meetings. Our meetings are rarely more than thirty minutes in length. Usually they last fifteen to twenty minutes. Members of the public do not address the Board. Specifically, since I have been on the Board, there has never been a homeowner who is a beneficiary of our down payment assistance program address the Board.

Much of what is discussed is not of a time sensitive matter. It is not unusual for "***vendors***" (to be discussed in Finding #7) to state "I have nothing to report". We could reduce the frequency of our meetings with the option of always calling special meetings if there was a matter that required immediate attention.

Furthermore, I believe the amount some board members are earning is not compliant with Parish Ordinance which limits the maximum amount of meetings to 52 per year. Many board members are exceeding the monetary threshold of $7800.00. This could easily be remedied by cutting down on the number of our meetings.

In addition, there is a reason why a three year term was created for board members. Although institutional knowledge is important, new board members can bring new ideas and other members of the community can be given the opportunity to serve.

Finding #7: Professional Service Fees

My concern on this finding is threefold:

1. Lack of contracts for "vendors"
2. Lack of documentation/explanation of billing for invoices
3. Excessive and/or unwarranted fees

Lack of contracts

The JPFA has been allowing certain professional service providers assume the role of de facto vendors when they have no contract. Every week at our meetings, several providers appear as they are in fact our **official** financial advisor(s) and bond counsel. This is misleading and improper. For example, every week the Agenda states that the Becknell Law Firm is our bond counsel. The Becknell Law Firm does not have a contract with the JPFA. The Becknell Law Firm should not be sitting in an official capacity. I have attached a sample Agenda as Exhibit 1.

Certain vendors have had a monopoly for too long on the outside work of the JPFA. It is time for transparency and professional services to be put out to bid. There needs to be a level playing field with other vendors the opportunity to bid on the necessary work. I believe that this will happen in the near future.

Lack of documentation/explanation of billing for invoices

I have questioned professional fees since I was appointed to the Board. I have often voted no or abstained from awarding professional fees because I have found them unsubstantiated and/or lacking any documentation.

Sisung and Government Consultants and the Becknell Law Firm have always charged round number flat fees without any proof of the amount of hours spent or justification for the fee. I have no idea how they have arrived at these numbers.

Excessive and/or unwarranted fees

Firstly, I have questioned General Counsel Rob Konrad on his charging extra fees for opinions. I have pointed out in board meetings that his contract clearly states that his monthly retainer includes ***provide opinions.*** Nowhere does his contract state that it includes all legal opinions **EXCEPT** for certain opinions on bond issues or other matters he deems relevant.

Every time his response has been that it has been "customary" over the years for him to charge this amount. Essentially he has stated that this is the way it has always been, so that makes it right. I feel billing for these opinions are a blatant violation of his contract and he should return all money he has earned in excess of what his contract provides.

If the JPFA is to use as guidance the Attorney General Fee Schedule, the maximum hourly rate Mr. Konrad should charge is $225.00 an hour. Using that figure, I find it highly improbable that he would spend 20 hours on issuing an opinion. I have reviewed his opinions and they appear fairly boilerplate. His contract should cover these opinions. Assuming his contract did not cover these opinions, I cannot find a justification for such a high fee. I have attached a sample opinion as an Exhibit 2.

Secondly, the Becknell Law Firm has charged fees for opinions that **have nothing to do with the role of a bond counsel.**

Essentially we have no need for a bond counsel at this juncture as most of our bonds have been sold and the JPFA is not issuing any bonds.

In August 2015, prior to my appointment to the Board, The Becknell Law Firm charged $25,000.00 for an opinion concerning the JPFA's enrollment in the Freddie Mac program. There is no justification whatsoever for a bond underwriting counsel to charge anything for the JPFA to enroll in this program. There is no supporting documentation for this charge, and again, using the Attorney General Fee Schedule, the Becknell Law Firm would have had to spend over 100 hours researching and writing this opinion.

In fact, I see no justification whatsoever for the JPFA to be charged anything in professional service fees to enroll in the Freddie Mac program. The JPFA added this product and unfortunately it has not been a success and it will take at least ten years for the JPFA to break even and recover the unnecessary $80,000.00 spent in professional fees.

Sisung Securities and Government Consultants also each charged $25,000.00 in fees for the JPFA to participate in this program. Questions to be asked are what exactly did they do, how much time was spent and how did they arrive at the figure of $25,000.00?

I have attached as Exhibit 3 material about the Freddie Mac program from their website. It appears to be an online application that administrative staff can handle. As this is a program utilized by Housing Finance Agencies across the country, I think further investigation is warranted to discover if other housing finance agencies across the country are charged fees by financial advisors, bond counsel and general counsel.

Accordingly, I believe that the excess legal fees charged by Rob Konrad and the Becknell Law Firm should be further investigated and possibly referred to any appropriate agencies such as the Louisiana Ethics Board and the Louisiana Disciplinary Counsel. In addition fees charged by Sisung Securities and Government Consultants of Louisiana to enroll in the Freddie Mac program also deserve further investigation.

Conclusion

I believe the JPFA is on the right track in its desire to correct any past deficiencies. Several of the findings/deficiencies in the Audit Report have already been addressed and will not reoccur as both the former Executive Director and Assistant Director have retired. Our new Executive Director is reform minded and progressive. A new budget is being drafted and I have confidence that operating expenses will decrease. The Board plans to issue request for proposals for professional services in the future.

I believe that with increased transparency and efficiency the JPFA's mission of providing opportunities for home ownership in Jefferson Parish will be fulfilled.

Marcy Planer
November 16, 2017

EXHIBIT 1

AGENDA

REGULAR MEETING

JEFFERSON PARISH FINANCE AUTHORITY
BOARD OF TRUSTEES

GENERAL GOVERNMENT BUILDING
200 DERBIGNY STREET
COUNCIL CHAMBERS - SECOND FLOOR
GRETNA, LA 70053

MONDAY, NOVEMBER 13, 2017

10:30 A.M.

I. MEETING CALLED TO ORDER

II. ROLL CALL

III. PLEDGE OF ALLEGIANCE AND INVOCATION

IV. APPROVAL OF MINUTES **November 6, 2017**
(Mr. Muscarello)

V. TREASURER'S REPORTS / RECOMMENDATIONS

JPFA Expenditures **Totaling $7,625.00.**

VI. PUBLIC ADDRESSES TO THE BOARD

VII. COMMITTEE REPORTS (*Committee Chairman)

Administrative Committee:	Dennis DiMarco* Jackie Berthelot Frank Muscarello
Advertisement and Marketing Committee:	Mitchell Boyter * Marcy Planer Dalton Simmons

ALTERNATE - Mr. Mitch Boyter

Ex officio of all Committees, Gregory Faia, Chairman

VIII. GENERAL REPORTS

a. Executive Director Report **(Valerie Brolin)**

b. Financial Advisor Report (Government Consultants of Louisiana - **Shaun Toups)**

c. Bond Counsel Report (Becknell Law Firm - **Bill Becknell / Allison Becknell / Betty Earnest**) —No contract

d. Underwriters Report (Sisung Securities – **Kent Schexnayder**) (George K. Baum - **Scott Riffle**)

e. General Counsel Report (**Rob Konrad**)

f. Loan Program Reports (Jefferson Parish Finance Authority – **Valerie Brolin**)

g. Trustee Report (Whitney Bank, formerly known as Hancock Bank of Louisiana - **Angela Fyssas-Lear/Erick Ranta**)

IX. APPROVALS

A resolution recognizing and commending Sheila Rodrigue for her years of service to the Jefferson Parish Finance Authority and to the citizens of Jefferson Parish.

(Mr. Muscarello)

X. MOTIONS AND RESOLUTIONS FROM THE FLOOR

XI. PERSONNEL

XII. ITEMS TO BE DISCUSSED

XIII. OLD BUSINESS

XIV. NEW BUSINESS

OUTGOING CORRESPONDENCE

JPFA forwarded to Camnetar & Co., CPAs, JP Council, and the Parish President's Office a copy of JPFA Approved Minutes from the month of October 2017.

In accordance with provisions of the American with Disabilities Act Amendments Act of 2008, as amended, Jefferson Parish shall not discriminate against individuals with disabilities on the basis of disability in its services, programs or activities. If you require auxiliary aids or devices, or other reasonable accommodation under the ADA Amendments Act, please submit your request to the ADA Coordinator at least forty-eight (48) hours in advance or as soon as practical. A seventy-two (72) hour advanced notice is required to request Certified ASL interpreters.

ADA Coordinator/Office of Citizens with Disabilities 1221 Elmwood Park Blvd., Suite 210, Jefferson, LA 70123
(504) 736-6086, ADA@jeffparish.net

EXHIBIT 2

THE KONRAD LAW FIRM, LLC
5813 Citrus Blvd, Suite 200
Harahan, LA 70123
504.684.6006
Fax 504.837.1213
Rob@GKonradLaw.com

September 30, 2016

Jefferson Parish Finance Authority
Jefferson, Louisiana

George K. Baum & Company
Denver, Colorado

The Becknell Law Firm, APLC
Metairie, Louisiana

Sisung Securities Corporation
New Orleans, Louisiana

Whitney Bank, as Trustee
New Orleans, Louisiana

In Re:
JEFFERSON PARISH FINANCE AUTHORITY
Single Family Mortgage Revenue Bonds
Series 2006D (the "Bonds")

Ladies and Gentlemen:

I have acted as General Counsel to the Jefferson Parish Finance Authority (the "Authority"), a public trust and public corporation created for the benefit of the Parish of Jefferson, State of Louisiana (the "State"), preliminary to and in connection with the authorization and sale of the Mortgage Certificates pledged to the payment of the captioned Bonds (the "Bonds"). The Bonds have been issued pursuant to a Trust Indenture, dated as of March 1, 2007 (the "Trust Indenture") by and between the Authority and Hancock Bank of Louisiana, which was subsequently merged with Whitney Bank (the "Trustee"). Any defined terms used herein but not defined herein are defined in the Indenture.

In connection with the above, I have examined, among other things, the following:

1. A certified copy of a resolution adopted on September 26, 2016 by the Authority (the "Sale Resolution"), pursuant to which provision was made for the sale of the Mortgage Certificates, according to the terms of the Indenture.

2. The Constitution and statutes of the State, including, but not limited to, the Louisiana Public Trust Act, Sections 2341 through 2347, inclusive, of Chapter 2-A of Title 9 of Louisiana Revised Statutes of 1950, as amended (the "Act").

3. A certified copy of the Trust Indenture dated February 9, 1979, as amended (the "Authority Indenture"), pursuant to which the Authority was created as a public trust under the Act.

4. Certified copies of such order of appointment, acceptance, oaths of office and other certificates and instruments as I have deemed relevant to the appointment, acceptance and qualification of individuals designated as Trustees of the Authority.

5. A certified copy of the By-Laws of the Authority.

6. A copy of the Trust Indenture.

7. Such other proceedings, documents, instruments and certificates as I have deemed necessary in order to render the opinions herein expressed.

Based upon such examination, I am of the opinion that:

(a) The Authority is a duly organized and existing public trust and public corporation, duly organized and existing under the Constitution and laws of the State with full legal right, power and authority to adopt the Sale Resolution.

(b) The adoption of the Sale Resolution will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States of America, or of any department, division, agency or instrumentality of either thereof, of any applicable court or administrative decree or order of any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the Authority is a party or is otherwise subject or bound.

(c) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Authority of its obligation contemplated herein have been obtained.

The scope of my engagement in this matter does not extend beyond the examinations and the opinions expressed above and does not extend to any other agreement, document or instrument executed by the Issuer or any other parties.

For purposes of this opinion, my services as general counsel have not extended beyond the examinations and expressions of conclusion referred to above. The opinions expressed herein are based upon existing law as of the date hereof, and I express no opinion as of any subsequent date or with respect to any pending.

Yours very truly,

Gordon R. Konrad

EXHIBIT 3

FreddieMac | Single-Family Business

Freddie Mac HFA Advantage® Program

The **Freddie Mac HFA Advantage® Program** offers Housing Finance Agencies (HFAs) a comprehensive program that enables you to diversify your portfolio while expanding homeownership responsibly.

Whether you're a Freddie Mac Seller/Servicer or selling through a Master Servicer, our HFA Advantage Program offers you outstanding flexibility for maximum financing.

Program Features

Feature	Details
Freddie Mac HFA Advantage Mortgage	Enhanced 97% LTV and 105% TLTV Mortgage HFA income limits Homeownership Education – per HFA program or Home Possible® mortgages Use of Loan Product Advisor® recommended for broader product flexibility AUS alternatives in lieu of Loan Product Advisor® considered
Pricing	Market competitive standard HFA Credit Fee in Yield reflecting market conditions and sales executions Loan-level credit fees in price exception for HFAs Cash & Guarantor executions Long-term contracts that may be amended subject to 90 days advance notice
Credit Enhancement Options	Minimum mortgage insurance coverage required No MI (12 months recourse)
"White Glove" On-boarding Process	Streamlined application process and less required documentation Dedicated Freddie Mac representative to assist you through the application process Reduced application fees
HFA Support and Training	HFA-focused webinars Lender training materials and tutorials Available consumer-focused homebuyer education (e.g., CreditSmart®)

286

Loan Advisor Suite® tools:

- Loan Product Advisor®
- Selling System®
- Loan Quality Advisor®

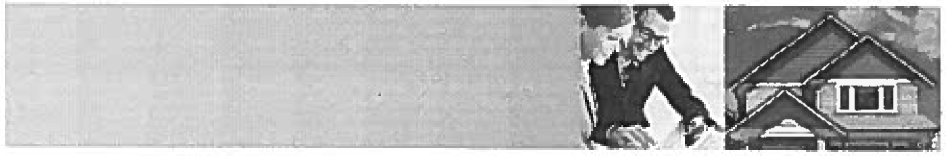
Customizable HFA marketing collateral

Download a Freddie Mac HFA Advantage fact sheet [PDF] for more information about this mortgage offering.

Resources

Freddie Mac HFA Advantage fact sheet [PDF]
Freddie Mac HFA Advantage program details [PDF]
HFA Advantage vs. FHA: A Side-by-Side Comparison [PDF]
HFA Advantage: A Competitive Alternative to FHA Mortgages [PDF]
Job Aid: Taking out an HFA Advantage® Cash Contract [PDF]
Getting Started with Freddie Mac – The HFA White Glove Onboarding Process [PDF]
Training opportunities for Housing Finance Agencies
Seller/Servicer online pre-application process
Freddie Mac Customer Support (800-FREDDIE)
US Bank customers contact the US Bank HFA Client Support Center

Freddie Mac



HFA Getting Started with Freddie Mac – The HFA White Glove Onboarding Process

Freddie Mac is dedicated to helping Housing Finance Agencies (HFAs) achieve their mission to help meet the affordable housing needs of your state's residents.

Our HFA White Glove Onboarding Process provides you with unique features, including:

- Streamlined and expedited application process.*
- Reduced application fees.
- Dedicated Freddie Mac representative to help you throughout the process.

We also have HFA-specific training and special HFA-specific pricing for certain products.

Use this document to guide you through the process of getting your agency approved to do business with Freddie Mac.

Get started in 5 key steps:

- ✓ Pre-Application Process
- ✓ Prep for and Participate in Onsite Visit
- ✓ Address Follow-Up Items
- ✓ Complete Getting Started Checklist and Forms
- › ***Start Doing Business with Freddie Mac!***

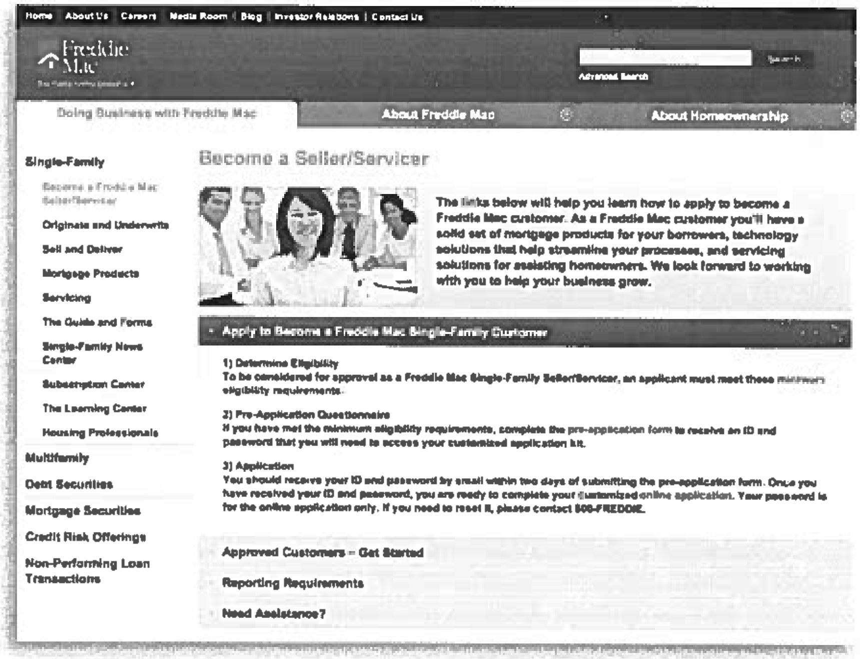
** HFAs with existing Freddie Mac Seller/Servicer numbers, will be reviewed case by case to determine if any part of the application process can be waived.*

✓ Pre-Application Process

Step 1: Visit **FreddieMac.com/singlefamily/doingbusiness** and select *Apply to Become a Freddie Mac Single-Family Customer*. Review the minimum eligibility requirements.

Step 2: If you meet the minimum requirements, complete the short online pre-application form.

Step 3: Work with your Customer Relations Manager to schedule Freddie Mac to come for a one-day onsite visit to work with you on integrating your policies and procedures with Freddie Mac (scheduling lead time is typically within 4-8 weeks).



✓ Prep for and Participate in Onsite Visit

If you meet our minimum requirements in the pre-application, you will receive a user ID and password so you can access the full online application. This document requires more detailed information about your company. Reach out to your Customer Relations Manager with any questions.

Rhonda will schedule your Counterparty Operational Risk Evaluation (CORE) onsite visit where a Freddie Mac representative will come to your site and review your loan manufacturing and servicing processes to ensure they meet Freddie Mac's requirements. You'll be able to discuss your technology capabilities and processes to ensure a smooth start in doing business with Freddie Mac.

QUESTIONS?

Your Freddie Mac Customer Relations Manager

If you have any questions about your application or set-up process, please contact Rhonda Kuntzman, in our Customer Relations team.

PHONE
312-407-7492

EMAIL
New_Applicants@FreddieMac.com

Address Follow-Up Items

After the CORE visit, there may be required follow-up actions on your part to ensure compliance with Freddie Mac requirements. Our Customer Relations Managers will be available to help you throughout this process. Your timely response to the follow-up items will help expedite the application process.

Next steps include:

Step 1: Fill out appropriate sections of the full application, as discussed with the Freddie Mac team. The application process requires a completed Board Resolution Form, so make sure you consider the timing of your next board meeting.

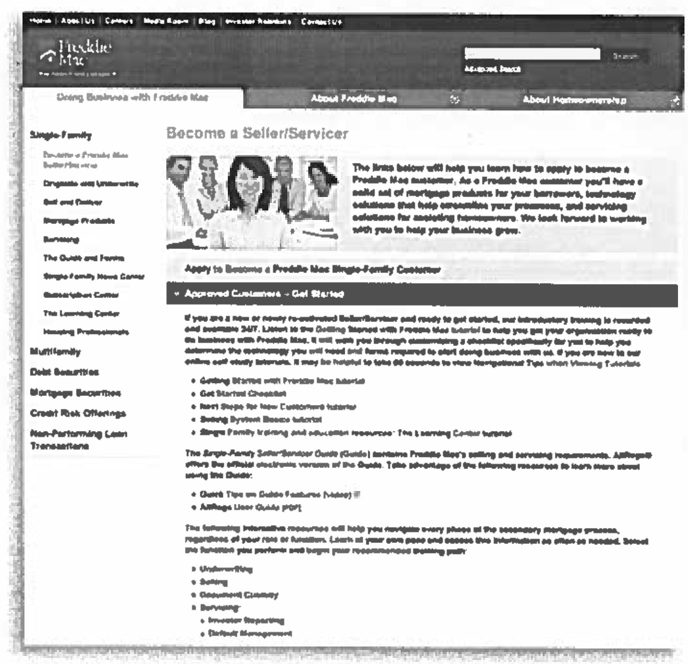
Step 2: Submit completed documents.

Step 3: Address any findings from the onsite visit (depending on the findings and how quickly you can make the changes. This could take six weeks or more).

Freddie Mac will conduct additional due diligence, as needed.

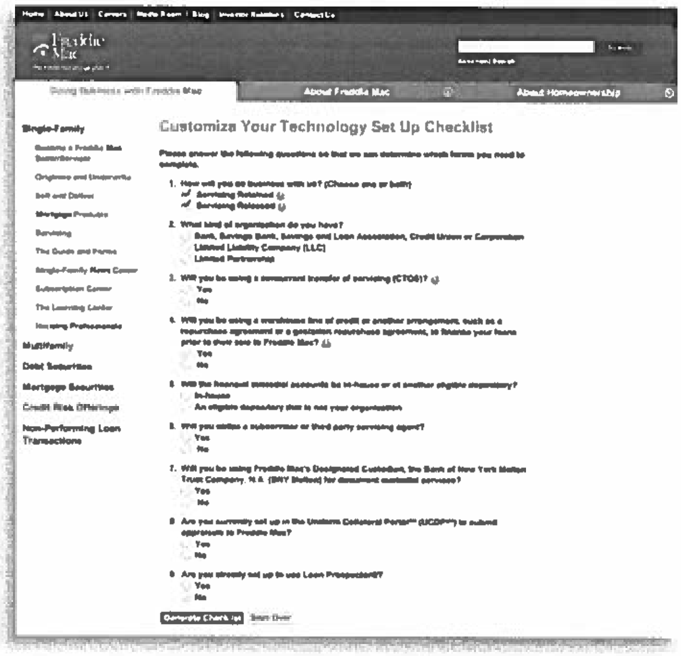
Complete Getting Started Checklist and Forms

Step 1: Once your company is approved, review our quick online *Getting Started with Freddie Mac* tutorial that will guide you through the next steps of getting set-up – including completing the *Get Started Checklist*. These resources are located on the FreddieMac.com *Approved Single-Family Customers – Getting Started* Web page (**http://www.freddiemac.com/learn/nc.html**).

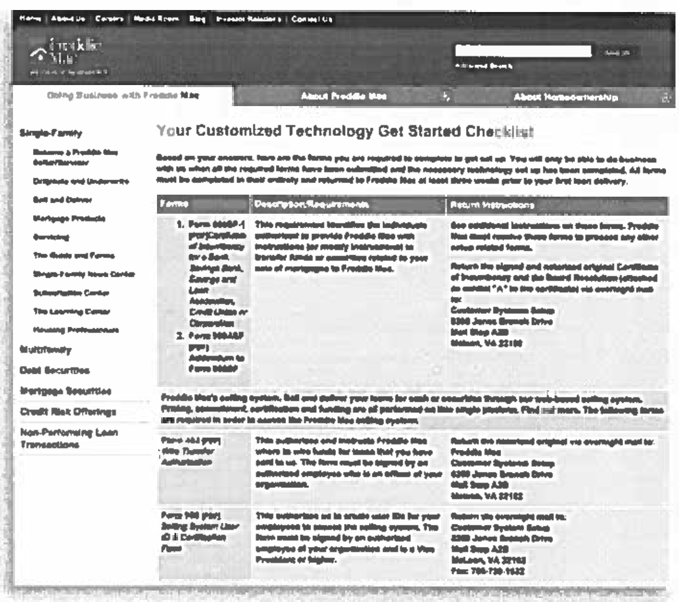


Complete Getting Started Checklist and Forms *continued*

Step 2: The online *Get Started Checklist* identifies what documents you need to complete to access our technology systems. When you submit the checklist, the appropriate required forms will be generated. The technology set-up process typically takes 2-3 weeks.



The forms on the checklist contain "fillable form fields" and can be saved on your computer. We recommend sending all the forms together to the address noted in the instructions. This will help your company to be quickly activated within the Freddie Mac systems.



Step 3: Complete the application process, and work with your Freddie Mac Customer Relations Manager to identify specific negotiated terms of business, as appropriate.

Start Doing Business with Freddie Mac!

Once you are approved to start doing business with Freddie Mac, you'll have access to a wide variety of resources to help you with any questions you may have:

- **800-FREDDIE** – Freddie Mac Customer Support Center, 1-800-373-3343.
- **The Learning Center** – Take advantage of our Learning Center on FreddieMac.com for instructor-led and on-demand online training on all aspects of doing business with Freddie Mac, including the use of Loan Product Advisor^{SM}, Selling System^{SM}, and Service Loans application, and selling and delivering loans to Freddie Mac.

QUESTIONS?

If you have any questions during the application and set-up process please contact Rhonda Kuntzman.

PHONE
312-407-7492

EMAIL
New_Applicants@FreddieMac.com

Freddie Mac HFA Advantage Program*
Terms Specific to Housing Finance Agencies

Freddie Mac

HFA Advantage Mortgage	HFA Pricing	HFA Credit Enhancement Options	HFA Direct Seller Onboarding	HFA Support and Training

Enhanced 97% LTV and 105% TLTV Mortgage
• HFA sets income limits
• HFA determines homeownership education curriculum
• Use of Loan Product Advisor® recommended for broader flexibility
• AUS alternatives in lieu of Loan Product Advisor accepted
	HFA Pricing
	• No credit fees in price
	• Market-competitive pricing, including a standard HFA credit fee in yield and variable sales executions
	• Cash and Guarantor executions available
	• Long-term contracts that may be amended subject to 90 days advance notice
		Eligible Credit Enhancements
		• Minimum private mortgage insurance (MI) required
		Negotiated Options:
		• No mortgage insurance required (12 months recourse)
			"White Glove" Process
			• No application fees
			• Streamlined application process and less required documentation
			• Dedicated Freddie Mac representatives to assist you through application, onboarding, and setup processes
				Helpful Resources
				• HFA-focused webinars
				• Lender training materials and tutorials
				• Consumer-focused homebuyer education available (CreditSmart®)
				• Loan Advisor Suite® provides valuable business tools, including:
				  • Loan Product Advisor®
				  • Loan Quality Advisor®
				  • Loan Collateral Advisor®
				  • Selling System®

*FOR DISCUSSION PURPOSES ONLY. Information in this presentation does not constitute an agreement between Sellers and Freddie Mac and the terms of this program are subject to change. Sellers must refer to their Purchase Documents for final program requirements.

Publication Number 1032 June 2017

Attachment T

Jefferson Parish Councilmember Response

JENNIFER VAN VRANCKEN

COUNCILWOMAN, DISTRICT 5

JEFFERSON PARISH

David McClintock
Inspector General
Office of the Inspector General
5401 Jefferson Highway
Jefferson, LA 70123

November 27, 2017

Dear Mr. McClintock,

This letter shall serve to convey my appreciation for the efforts of the OIG as it relates to the audit of the Jefferson Parish Finance Authority. I concur with the stated findings and, while the majority of recommendations are intended for JPFA Board action, I commit my full support to the corrective actions recommended for the Parish and the Council as its governing authority.

The Parish must recognize JPFA as an entity distinct from Parish Government, severing the entanglements that have unfairly burden Jefferson Parish with liability for JPFA and its employees, while lacking the requisite authority and oversight of the same.

I support the recommendations identified in Finding #1 and will work with the administration to:

1. Recognize JPFA as a separate entity and sever relationships with JPFA employees
2. Ensure all persons recorded as parish employees work for JP government entities, established by charter or ordinance
3. Clarify and redress past reporting to third parties, especially to PERSLA given Mr. McCarthy's Jefferson Parish government employment ceased with 4.15 years of service rather than the 11.12 years he may inappropriately collect in retirement

Additionally, I share the concern of Finding #9 and will request aggressive action from the administration to:

1. Recover all HOME funds expended and not adequately supported by JPFA
2. Implement policies to ensure CEAS involving distribution of federal grant funds include provisions to document the expenditure of funds in accordance with grant terms

I recognize some of the recommendations in this report will take time to develop and implement. I stand committed to work with the new Executive Director of JPFA, Mrs. Valerie Brolin, in her efforts to bring to fruition this report's recommendations that will serve to strengthen her organization. I further remain committed to those JPFA Board members who have individually

1221 ELMWOOD PARK BOULEVARD · SUITE 1014 · JEFFERSON, LOUISIANA 70123
OFFICE (504) 736-6634 FAX (504) 736-6632
JENNIFER.VANVRANCKEN@JEFFPARISH.NET

questioned troubling past practices of the JPFA and who stand eager to implement the recommendations of this report ascribed to JPFA Board action.

Sincerely,

Jennifer Van Vrancken
Councilwoman, Jefferson Parish District 5