

ANNUAL FINANCIAL REPORT
FINANCE AUTHORITY OF ST. TAMMANY PARISH
FOR THE YEAR ENDED
DECEMBER 31, 2013

ERICKSEN KRENTEL & LA PORTE L.L.P.

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*PROFESSIONAL CORPORATION
†LIMITED LIABILITY COMPANY
BENJAMIN J. ERICKSEN - DECEASED
J.V. LECLERE KRENTEL - DECEASED

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Finance Authority of St. Tammany Parish
Covington, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Finance Authority of St. Tammany Parish (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 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.

Auditors' 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, the *Louisiana Governmental Audit Guide*, 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.

Finance Authority of St. Tammany Parish
June 23, 2014
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Finance Authority of St. Tammany Parish, as of December 31, 2013, and the changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

As described in Note 5 to the financial statements, the Finance Authority of St. Tammany Parish adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* in 2013. 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 6 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 inquires 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, 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.

Finance Authority of St. Tammany Parish
June 23, 2014
Page 3

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Finance Authority of St. Tammany Parish's internal control over financial reporting and compliance.

June 23, 2014
Mandeville, Louisiana



Certified Public Accountants

FINANCE AUTHORITY OF ST. TAMMANY PARISH
COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

This section of the Finance Authority of St. Tammany Parish's (the Authority) annual financial report presents management's analysis of the Authority's financial performance for the year ended December 31, 2013. This analysis should be read in conjunction with the audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority's assets exceeded its liabilities by \$138,244 at December 31, 2013. The total net position of the Authority decreased \$14,934.

The Authority's general revenues were \$633,739 in 2013 compared to \$945,783 in 2012, which is a decrease of \$312,044.

Total expenses for the Authority during the year ended December 31, 2013 were \$510,714. These expenses compared to total expenses of \$900,910 during the year ended December 31, 2012 result in a decrease of \$390,196.

During the year ended December 31, 2013, the Authority implemented GASB Statement No. 65. See note 5 in the Notes to the Financial Statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of two sections: Management's Discussion and Analysis and audited financial statements. The financial statements also include notes that provide additional detail of the information included in the financial statements.

BASIC FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private companies. These financial statements provide financial information about the activities of the Authority.

The Statement of Net Position presents information that includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases and decrease in net position may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Net Position presents information on how the Authority's net position changed as a result of current period operations.

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided by (used for) operating activities (indirect method) as required by GASB 34.

The following presents condensed financial information of the Authority.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

SUMMARY OF NET POSITION
DECEMBER 31, 2013 AND 2012

<u>ASSETS</u>		
	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Current assets	\$ 813,263	\$ 1,114,323
Financing costs, net	-	137,959
Investments	<u>12,384,574</u>	<u>18,083,586</u>
Total assets	<u>\$ 13,197,837</u>	<u>\$ 19,335,868</u>
<u>LIABILITIES</u>		
	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
Current liabilities	\$ 53,209	\$ 78,167
Long-term liabilities	<u>13,006,384</u>	<u>19,104,523</u>
Total liabilities	<u>\$ 13,059,593</u>	<u>\$ 19,182,690</u>
<u>NET POSITION</u>		
Restricted for debt service	\$ <u>138,244</u>	\$ <u>153,178</u>
Total net position	<u>\$ 138,244</u>	<u>\$ 153,178</u>

Total assets decreased by \$6,138,031 and total liabilities decreased by \$6,123,097. Net position decreased \$14,934 as a result of operations.

Restricted net position represents those assets that are not available for spending as a result of bond agreements. Conversely, unrestricted net position, if any, are those that do not have any limitations for which those amounts may be used.

SUMMARY OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>December 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
General revenues	\$ 633,739	\$ 945,783
Expenditures/ expenses	<u>(510,714)</u>	<u>(900,910)</u>
Change in net position	<u>\$ 123,025</u>	<u>\$ 44,873</u>

FINANCE AUTHORITY OF ST. TAMMANY PARISH
COVINGTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2013

The change in net position for the Authority's sixth year of operations was an increase of \$123,025.

LONG-TERM DEBT

At December 31, 2013 and 2012, the Authority had \$12,839,063 and \$18,851,022, respectively in long-term debt which consisted of bonds payable. During the year, the Authority's long-term debt decreased by \$6,011,959 which was the result of the principal payments and the premium amortization of the Single Family Mortgage Revenue Bonds.

CONTACTING THE AUTHORITY'S MANAGEMENT

This report is designed to provide a general overview of the Authority and to demonstrate the Authority's accountability for its finances. If you have any questions about this report or need additional information, please contact Dave Anderson, Secretary-Treasurer, Finance Authority of St. Tammany Parish, 115 Pinewood Circle, Pearl River, LA 70452.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS:

Cash and cash equivalents	\$ 760,084
Investments	12,384,574
Interest receivable	<u>53,179</u>
 Total assets	 <u>13,197,837</u>

LIABILITIES:

Accrued interest	53,209
Lender commitment fees and contributions	167,321
Bonds payable, Series 2007A	<u>12,839,063</u>
 Total liabilities	 <u>13,059,593</u>

NET POSITION:

Restricted for debt service	<u>138,244</u>
 Total net position	 <u>\$ 138,244</u>

The accompanying notes are an integral part of this statement

FINANCE AUTHORITY OF ST. TAMMANY PARISH
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013

REVENUES:

Investment return, net of loss	\$ 547,559
Lender commitment fees & contributions	<u>86,180</u>
Total revenues	<u>633,739</u>

EXPENSES:

Interest on bonds	496,275
Operating expenses	<u>14,439</u>
Total expenses	<u>510,714</u>

Change in net position	123,025
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NET POSITION:

Beginning of the year, restated	<u>15,219</u>
End of the year	<u><u>\$ 138,244</u></u>

The accompanying notes are an integral part of this statement

FINANCE AUTHORITY OF ST. TAMMANY PARISH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:

Interest receipts	\$ 785,955
Administrative expenses	(14,439)
Interest expense	<u>(521,233)</u>
Net cash provided by operating activities	<u>250,283</u>

CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:

Proceeds from sale of investments	12,033,031
Investments purchased	<u>(6,547,975)</u>
Net cash provided by investing activities	<u>5,485,056</u>

CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES:

Bond principal payments	(5,745,340)
Amortization of bond premium	<u>(266,619)</u>
Net cash (used in) financing activities	<u>(6,011,959)</u>

Net increase in cash and cash equivalents	(276,620)
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Cash and cash equivalents at beginning of year	<u>1,036,704</u>
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Cash and cash equivalents at end of year	<u>\$ 760,084</u>
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RECONCILIATION OF CASH FLOWS PROVIDED BY (USED IN)**OPERATING ACTIVITIES:**

Change in net position	\$ 123,025
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:	
Loss on sale of investments	213,956
Changes in certain assets and liabilities:	
Interest receivable	24,440
Accrued interest	(24,958)
Commitment fees	<u>(86,180)</u>
Net cash provided by operating activities	<u>\$ 250,283</u>

The accompanying notes are an integral part of this statement

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Finance Authority of St. Tammany Parish (the Authority) was created through a Trust Indenture dated September 11, 2006, pursuant to the provisions of Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments granted the Authority the power to obtain funds and to use the proceeds to promote the financing of owner-occupied single family residences located in St. Tammany Parish to be owned and occupied by families or persons with qualifying incomes.

The Authority's operations consist of two single family mortgage revenue bond programs whereby the Authority promotes residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds of these programs were obtained through the issuance of \$39,754,080 of 2007 Single Family Mortgage Revenue Bonds, dated February 1, 2007.

The administration of the Authority is governed by a board of trustees consisting of five members. All members are appointed by the St. Tammany Parish Council and serve staggered terms ranging from one to three years.

Basis of Presentation

The Authority's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the Authority are discussed below.

The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, issued in June 1999 and as amended by GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the related liability is incurred. The Authority operates certain funds established by the Trust Indenture. The funds, which are maintained by the Trustee, provide for the accounting of bonds issued, debt service and bond redemption requirements, investments, and related revenues and expenses. The

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

individual funds within each bond program are aggregated in the accompanying financial statements. The Authority has no government or fiduciary funds.

Cash and Cash Equivalents

Under state law, the Authority may invest in United States bonds, treasury notes, or certificates. For purposes of the statement of cash flows, these are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at amortized cost.

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through June 23, 2014, which is the date the financial statements were available to be issued.

(2) CASH AND CASH EQUIVALENTS

At December 31, 2013, the Authority has cash and cash equivalents (book balances) totaling \$760,084 as follows:

Cash	\$ 305,467
Money market Treasury funds	<u>454,617</u>
Total cash and cash equivalents	<u>\$ 760,084</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(2) CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and deposits are categorized into three categories of credit risk:

Category 1 includes deposits covered by federal depository insurance or by collateral held by the Authority or its agent, in the Authority's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department, or its agent in the Authority's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution, or its trust department or agent but not in the Authority's name, and deposits which are uninsured or uncollateralized.

At December 31, 2013, the carrying amount and the bank balances of deposits of the primary government are summarized as follows:

	<u>Bank Balances Category</u>			<u>Book</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Balance</u>
Cash	<u>\$ 500,172</u>	<u>\$ 204,617</u>	<u>\$ 55,295</u>	<u>\$ 760,084</u>

(3) INVESTMENTS

The Authority's investments are not required under GASB Statement No. 31 to be recorded at fair value. U.S. Government securities are carried at amortized cost because it is the Authority's intent to hold all such securities until maturity and the investments are not held primarily for the purpose of income or profit. Each U.S. Government security is a fully modified mortgage pass-through security issued by the Master Servicer of the 2007A Program, and is backed by a pool consisting of mortgage loans originated by lenders under the 2007A Program having the terms and conditions set forth in the Origination Agreements. All securities have interest rates 0.50% less than the interest rate on the mortgage loans forming the pool with respect thereto. All securities are guaranteed as to timely payment of principal and interest by the issuing Federal Agency (FHLMC, GNMA, etc.) pursuant to Section 306(g) of Title III of the National Housing Act of 1934, as amended.

The Master Servicer of the 2007A Program, as servicer of the mortgage loans in the pools underlying the U.S. Government securities, is obligated to pay principal and interest on the U.S. Government Securities in an amount equal to the scheduled principal and interest on the underlying mortgage loans (less any servicing and guaranty fees), whether or not the Master Servicer has received principal and interest payments on the mortgage loans, and also is required to pay an amount equal to any principal prepayments received on such mortgage loans.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(3) INVESTMENTS (CONTINUED)

The Authority does not anticipate a requirement to sell any of the U.S. Government and Federal Agency securities it holds, prior to maturity, because such securities are invested to mature as funds are required to satisfy debt service payments.

As of December 31, 2013, the Authority had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Amortized Cost</u>
Federal Home Loan Mortgage Corporation	4/01/37	\$ 90,615
Federal Home Loan Mortgage Corporation	6/01/37	1,403,206
Federal Home Loan Mortgage Corporation	7/01/37	524,838
Federal Home Loan Mortgage Corporation	8/01/37	513,844
Federal Home Loan Mortgage Corporation	9/01/37	1,422,080
Federal Home Loan Mortgage Corporation	10/01/37	511,255
Federal Home Loan Mortgage Corporation	11/01/37	574,900
Federal Home Loan Mortgage Corporation	12/01/37	755,252
Federal Home Loan Mortgage Corporation	1/01/38	213,855
Federal Home Loan Mortgage Corporation	2/01/38	622,948
Federal Home Loan Mortgage Corporation	3/01/38	528,690
Federal Home Loan Mortgage Corporation	5/01/38	214,921
Federal Home Loan Mortgage Corporation	7/01/38	103,512
Federal Home Loan Mortgage Corporation	8/01/38	239,407
Federal Home Loan Mortgage Corporation	9/01/38	86,721
Government National Mortgage Association	6/20/37	579,078
Government National Mortgage Association	7/20/37	364,957
Government National Mortgage Association	8/20/37	363,364
Government National Mortgage Association	9/20/37	205,490
Government National Mortgage Association	10/20/37	390,307
Government National Mortgage Association	11/20/37	536,733
Government National Mortgage Association	1/20/38	120,372
Government National Mortgage Association	3/20/38	151,097
Government National Mortgage Association	4/20/38	259,447
Government National Mortgage Association	5/20/38	280,167
Government National Mortgage Association	6/20/38	230,682
Government National Mortgage Association	7/20/38	154,268
Government National Mortgage Association	10/20/38	161,672
Government National Mortgage Association	12/20/38	229,024
Government National Mortgage Association	1/20/39	289,835
Government National Mortgage Association	3/20/39	145,720
Government National Mortgage Association	1/20/40	<u>116,317</u>
		<u>\$ 12,384,574</u>

Interest Rate Risk

The Authority does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(3) INVESTMENTS (CONTINUED)

Credit Risk

The Authority places no limit on the amount the Authority may invest in any one issuer. A significant percentage of the Authority's investments are in FHLMC and GNMA discount notes. These investments are 63% and 37%, respectively, of the Authority's total investments.

(4) LONG-TERM DEBT

	<u>Balance at</u> <u>1/1/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>12/31/2013</u>
Single Family Mortgage Revenue Bonds, Series 2007A, issued at 104.95% premium, interest rate at 5.25%, maturing on December 1, 2039.	\$ 16,634,759	\$ -	\$ 5,471,201	\$ 11,163,558
Single Family Mortgage Revenue Bonds, Series 2007A, issued at 101.61% premium, interest rate at 4.85%, maturing on June 1, 2039.	<u>2,216,263</u>	<u>-</u>	<u>540,758</u>	<u>1,675,505</u>
	<u>\$ 18,851,022</u>	<u>\$ -</u>	<u>\$ 6,011,959</u>	<u>\$ 12,839,063</u>

Pursuant to the Trust Indenture, the bonds are secured by a pledge and assignment of the Trust Estate, which includes an assignment of all payments of principal and interest on all U.S. Government securities and all other net proceeds of the U.S. Government securities, any rights of the Authority under a GNMA Guaranty Agreement pursuant to which GNMA agrees to guarantee the timely payment of principal and interest on the GNMA Securities, the Servicing Agreement, the pledged revenues and all moneys and securities from time to time held by the Trustee in the Series 2007A accounts established in each of the funds under the Indenture, except moneys and securities in the Rebate Fund and the Cost of Issuance Account, and income or interest earned and gains realized in excess of losses suffered on permitted investments of the foregoing funds. The bonds are subject to optional redemption prior to maturity based on the principal repayments of the mortgage loans funded by the program assets.

It is not possible to project the bond principal payments for the 2007A program bonds for the next five years due to the repayment structuring and the redemption procedures of the Trust Indenture. Bond principal payments will vary based on the principal payments received from the underlying 2007A Program mortgage loans.

FINANCE AUTHORITY OF ST. TAMMANY PARISH
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2013

(4) LONG-TERM DEBT (CONTINUED)

Interest incurred and charged to expense for the year ended December 31, 2013 was \$496,275.

(5) NEW ACCOUNTING PRONOUNCEMENT

The Authority has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This standard provides guidelines 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 statement effective January 1, 2013. Financing costs previously reported as an asset have been restated as an expense in the year of issuance in accordance with the new statement. The impact is as follows:

Previously reported net position	\$ 153,178
Adjustment to net position as a result of GASB 65 implementation	<u>(137,959)</u>
Net position, restated	<u>\$ 15,219</u>
Previously reported change in net position	\$ 44,873
Adjustment as a result of GASB 65 implementation	<u>(29,745)</u>
Change in net position, restated	<u>\$ 15,128</u>

FINANCE AUTHORITY OF ST. TAMMANY PARISH
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Board of Trustees</u>	<u>Compensation</u>
Matt Faust, President 701 N. Columbia Street Covington, LA 70433	None
Ronald Randolph, Vice President P.O. Box 1364 Slidell, LA 70459	None
Dave Anderson, Secretary-Treasurer 115 Pinewood Circle Pearl River, LA 70452	None
Richard Muller 4892 Highway 22 Mandeville, LA 70471	None
Pete Cavignac 1338 Gause Blvd. Slidell, LA 70458	None

(See Auditors' Report)

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INDEPENDENT AUDITORS' 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*

To the Board of Trustees
Finance Authority of St. Tammany Parish
Covington, Louisiana

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 Finance Authority of St. Tammany Parish (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 June 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 (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 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.

Finance Authority of St. Tammany Parish
June 23, 2014

Compliance and Other Matters

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

Purpose of this Report

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

June 23, 2014
Mandeville, Louisiana



Certified Public Accountants

FINANCE AUTHORITY OF ST. TAMMANY PARISH
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Finance Authority of St. Tammany Parish.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Finance Authority of St. Tammany Parish were reported in the Independent Auditors' 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*.
4. No management letter was issued for the year ended December 31, 2013.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

Not Applicable