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ST. MARY PUBLIC TRUST

FINANCING AUTHORITY

FINANCIAL REPORT

Year Ended December 31, 1967

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Release Date: _____

TABLE OF CONTENTS

	Page
Independent Auditor's Report	v-2
FEDERAL PURPOSE FINANCIAL STATEMENTS	
Comparative Balance sheets - proprietary fund type	4
Comparative statements of revenues, expenses, and changes in retained earnings - proprietary fund type	5
Comparative statements of cash flows - proprietary fund type	6
Notes to Financial Statements	7-18
FINANCIAL INFORMATION	
Enterprise Fund:	
Comparative schedules of general and administrative expenses	11
SYSTEMS, CONTROL, AND COMPLIANCE	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements performed in accordance with government audit requirements	11-18
Corrective Action Plan	19
Summary of Prior Year Findings	20



**Dornall, Sikes
& Frederick**

CPA INCORPORATED UNDER THE LAWS OF MARYLAND

REPORT OF INDEPENDENT CPAS REGARDING FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 1997
OF THE
ST. MARY PUBLIC TRUST FINANCIAL AUTHORITY
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ANNAPOLIS, MARYLAND 21403
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INDEPENDENT AUDITOR'S REPORT

MEMORANDUM
TO THE BOARD OF TRUSTEES
FROM THE INDEPENDENT CPAS
DATE: APRIL 24, 1998
SUBJECT: FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1997

The Board of Trustees
St. Mary Public Trust Financial Authority
Maryland City, Maryland

We have audited the accompanying general purpose financial statements of the St. Mary Public Trust Financial Authority as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of the Board of Trustees of the Authority. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes obtaining, as a basis for our opinion, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the St. Mary Public Trust Financial Authority as of December 31, 1997, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 24, 1998 on our consideration of the St. Mary Public Trust Financial Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

APRIL 24, 1998
DORNALL, SIKES & FREDERICK
CPA INCORPORATED

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed under "Supplemental Information" in the table of contents is provided for purposes of additional analysis and is not a required part of the general purpose financial statements of the St. Mary Public Trust Financing Authority. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the financial statements.

Darrall, Sides & Frederick

A Corporation of Certified Public Accountants

Metairie 014, Louisiana
April 24, 1958

GENERAL PURPOSE FINANCIAL STATEMENTS

ST. HENRY PUBLIC TRUST FINANCIAL STATEMENTS

COMPARATIVE Balance Sheets - Proprietary Fund Type
December 31, 1997 and 1996

ASSETS	Subscription Fund	
	1997	1996
Restricted assets:		
Bond service reserve account -		
Interest-bearing deposits	\$ 82,835	\$ 115,818
Accrued interest receivable	613	698
Revenue account -		
Interest-bearing deposits	96,150	84,544
Accrued interest receivable	488	621
Collection account -		
Cash	8,686	-
Interest-bearing deposits	25,438	18,543
Accrued interest receivable	143	234
Mortgage loans receivable	1,388,681	1,508,588
Total restricted assets	1,803,125	1,733,797
Unrestricted charges:		
Unamortized bond issue costs	92,627	123,844
Total assets	\$1,895,752	\$1,857,641
	*****	*****
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts payable	\$ 2,820	\$ -
Payable from restricted assets -		
Suspense debt	-	-
Revenue bonds payable	132,195	1,018,282
Deferred construction fund	25,195	38,121
Total liabilities	159,990	1,046,383
Fund equity:		
Retained earnings -		
Reserved for Unamortized bond retirement	845,261	812,170
Total liabilities and fund equity	\$1,895,752	\$1,846,625
	*****	*****

The accompanying notes are an integral part of this statement.

ST. MARY PUBLIC TRUST FINANCIAL AUTHORITY

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Proprietary Fund Type

Years Ended December 31, 1997 and 1996

	Intergovernmental	
	1997	1996
Operating revenues:		
Interest on loans	\$182,511	\$148,490
Interest on investments	52,336	33,318
Commodities fees	3,375	1,588
Total operating revenues	<u>238,222</u>	<u>183,396</u>
Operating expenses:		
Interest on bonds	83,515	81,357
Amortization of bond issue costs	26,318	33,634
General and administrative expenses	115,245	18,058
Total operating expenses	<u>325,078</u>	<u>133,049</u>
Net income	63,144	50,347
Retained earnings, beginning of year	<u>852,520</u>	<u>782,173</u>
Retained earnings, end of year	<u>915,664</u>	<u>832,520</u>

The accompanying notes are an integral part of this statement.

NY STATE PUBLIC DEBT FINANCING AUTHORITY

Comparative Statement of Cash Flows - Proprietary Fund Type
Years Ended December 31, 1993 and 1994

	1993	1994
Cash flows from operating activities:		
Net income	\$ 33,344	\$ 24,745
Adjustments to reconcile net income to net cash provided by operating activities -		
Amortization of bond issue costs	36,538	33,034
Changes in assets and liabilities:		
Increase/decrease of receivables from		
Borrowers of committed fees	14,371	(3,388)
Increase in accrued interest receivable on investments	148	52
Increase in mortgage loans receivable	218,841	279,475
Increase in accrued interest receivable on loans	-	4,733
Increase in accounts payable	2,088	-
Total adjustments	242,955	313,856
Net cash provided by operating activities	276,300	338,601
Cash flows from noncapital financing activities:		
Principal paid on revenue bonds	(287,387)	(346,475)
Net decrease in cash and cash equivalents	(111,087)	(107,874)
Cash and cash equivalents, beginning of period	228,380	336,274
Cash and cash equivalents, end of period	\$ 117,293	\$ 228,400
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period:		
Cash	\$ -	\$ 11,107
Interest-bearing deposits	228,380	325,167
Total cash and cash equivalents, beginning of period	228,380	336,274
Cash and cash equivalents, end of period -		
Cash	6,466	-
Interest-bearing deposits	210,825	228,100
Total cash and cash equivalents, end of period	217,291	228,100
Net decrease	\$ 111,087	\$ 107,874

The accompanying notes are an integral part of this statement.

ST. MARY PUBLIC TRUST FINANCING AUTHORITY

Notes to Financial Statements

111 Summary of Significant Accounting Policies

The St. Mary Public Trust Financing Authority (Authority) is a political subdivision of the State of Louisiana. The Authority was issued a public trust on May 28, 1990 pursuant to Chapter 3-A of Title 3 of the Louisiana Revised Statutes of 1998. The beneficiary of the trust is the citizens of the municipal corporation officially styled "Mayor and Councilmen of Morgan City", State of Louisiana, and the Parish of St. Mary, State of Louisiana. The St. Mary Public Trust Financing Authority is considered to be a related organization of the City of Morgan City, Louisiana. The Authority was created for the purpose of financing residential facilities for low and moderate income families within the Parish of St. Mary. The Authority's governing body is comprised of a board of seven trustees.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:153, Louisiana Governmental Audit Guide and to the industry audit guide, Publics of State and Local Governmental Units.

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

In June of 1993, the Governmental Accounting Standards Board issued GASB Statement No. 14 - the Financial Reporting Entity. GASB No. 14 establishes standards for defining and reporting on the financial reporting entity. The financial reporting entity should consist of (a) the primary government (state government, general purpose local government, or special-purpose government meeting certain criteria), (b) organizations for which the primary government is financially accountable (component units), and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (related organizations, joint ventures and jointly governed organizations).

ST. MARY PUBLIC TRUST FINANCING AUTHORITY

Notes to Financial Statements (Continued)

Under the standards established by GASB No. 34, the St. Mary Public Trust Financing Authority has no relationships with other organizations whereby the other organizations would be a component unit of the St. Mary Public Trust Financing Authority.

B. Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, retained unexpended equity, revenues, and expenses. Revenues are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending is to be controlled. The various funds are grouped, in the financial statements in this report, into one generic fund type as follows:

Proprietary Fund -

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the interest of the governing body is that the costs (expenses, including amortization of bond issue costs) of providing services to the general public on a continuing basis be financed or recovered, potentially through user charges or fee where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

C. Basis of Accounting

The proprietary fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned and expenses are recognized when they are incurred.

D. Interest-Bearing Deposits and Investments

Statutes authorize the St. Mary Public Trust Financing Authority to invest in participation of deposits, repurchase agreements, promotes, bankers' acceptances, and other similar bank investments provided that approved securities are pledged to secure these funds as deposits in amounts equal to those funds. In addition, the St. Mary Public Trust Financing Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. Interest-bearing deposits are stated as net.

JY. HAY PUBLIC TRUST FINANCIAL AUTHORITY

Notes to Financial Statements (Continued)

H. Statement of Cash Flow

For purposes of the statement of cash flows, the Authority considers all highly liquid interest-bearing deposits with a maturity of three months or less when purchased to be cash equivalents.

F. Vacation, Sick Leave and Pension Plan

The Authority had no employees during the year ended December 31, 1989. Therefore, it did not have a policy on vacation and sick leave, nor did it have a pension plan.

G. Amortization

The amortization of bond issue costs is based on the percentage of bonds paid during the current year in relation to the total of bonds originally issued. This method does not materially differ from methods required by generally accepted accounting principles.

H. Lease Payable

Lease are carried at amounts advanced less payments collected. Interest on lease is accrued monthly as earned.

I. Lease Payable

Bonds payable are stated at carrying value less unaccrued interest.

J. Deferred Fees

The deferred unearned fees received in connection with mortgage loans are amortized to income based on the collection of mortgage loans receivable.

K. Trust Equity

Revenues represent those portions of trust equity not appropriate for expenditures or legally segregated for a specific future use.

L. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

ST. MARY CREDIT TRUST FINANCING ACTIVITY

Notes to Financial Statements (Continued)

(B) Flow of Funds: Bond Restrictions

Under the terms of the \$3,300,000, 1996 Series A Single Family Mortgage Revenue Bonds (hereinafter dated May 1, 1991, all income, revenues and receipts from the Authority are pledged and dedicated to the retirement of said bonds.

The funds and accounts to be held by the Trustee are: collection account, reserve account, debt service reserve account and rebate account.

Collection Account -

The Trustee shall deposit into this account all pledged revenues. In each payment chain, the Trustee shall pay the following amounts in the following priority to the rebate account, an amount equal to the current mortgage earnings, payment of all principal and interest due and payable with respect to any covered bonds, payment of any installments of interest then due and payable on any bonds which are not covered bonds, to the reserve account, an amount equal to approximately .50% per annum of the aggregate principal amount of mortgage loans outstanding, and the debt service reserve account, the amount, if any, necessary to maintain the amount so deposited therein at the reserve requirement. Any remaining monies shall be applied to pay the principal of the bonds.

Debt Service Reserve Account -

This account shall be maintained at a reserve requirement amount equal to 10% of the outstanding principal amount of the bonds. The Trustee shall transfer amounts from the collection account to make to maintain this account at the reserve requirement. Amounts in this account shall be transferred to the collection account in the event necessary to pay the principal and interest payable on the bonds.

Reserve Account -

The Trustee shall deposit into this account the amounts required to be transferred from the collection account. The following fees and expenses are to be paid from this account: Trustee fees and expenses, amounts payable or payable on the bond and the Special Insured Insurance policy, amounts payable for the fees and expenses of the rebate analyst and other program expenses. In the event that amounts so deposited in the collection account are insufficient to pay principal and interest on bonds, the Trustee shall transfer the amount of such insufficiency to the collection account.

ST. MARY PUBLIC TRUST FINANCIAL AUTHORITY

NOTES TO FINANCIAL STATEMENTS (Continued)

Debit Account -

Monies deposited and held in this account shall not be subject to the pledge of the bond indentures. On May 1, 1997, and every five years thereafter, 50% of the entire balance in this account, including investment earnings, shall be paid to the United States of America. Not later than 60 days after the completion of the last obligation of the Bonds, 100% of the entire balance, including investment earnings, shall be returned to the United States.

(C) Cash and Interest-Bearing Deposits

A recap of cash and interest-bearing deposits at December 31, 1997 by each bond restricted asset type follows:

	Doll.
IRA Service Charge Account	\$ 50,835
Monies account	58,181
Collections account	34,085
Total	\$213,101

The Authority's interest-bearing deposits are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name.

The December 31, 1997 cost of the securities, which constitutes the interest-bearing deposits listed above, is summarized below:

	Doll.	Category
Liquid Asset Treasury Deposits	\$213,101	1

At December 31, 1997, the aggregate cost of the above interest-bearing deposits approximated aggregate market value.

ST. BART PUBLIC TRUST FINANCING AUTHORITY

STATE OF VIRGINIA DEPARTMENT OF REVENUE

18) Debt Indenture Requirements

The bond indenture requires a certain balance in the debt service reserve account. The required amount and actual amount at December 31, 1997 are as follows:

Debt service reserve	
Cash and interest-bearing deposits	\$ 90,896
Required balance	.. 13,310
Excess over required amount	\$ 77,586

19) Loan Portfolio

Loans receivable consist of single family residential first mortgages. All first mortgages are pledged as security for the payment of principal and interest on the bonds payable. The loans are also covered by a mortgage loan insurance covering losses resulting from a borrower's default up to 80% of the fair market value of all insured mortgage agreements.

All loans are serviced by private banks and financial institutions, and all payments are remitted to the Authority's trustee at the end of each month.

20) Unamortized Bond Issue Costs

Total bond issue cost	\$ 352,868
Less: 15% year amortization	(176,434)
Accrual for the year ended December 31, 1997	.. 176,434

Total unamortized bond issue costs at
December 31, 1997

	\$ 176,434
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21) Change in Bonds Payable

The following is a summary of bond transactions of the St. Bart Public Trust Financing Authority for the year ended December 31, 1997:

Mortgage revenue bonds payable, beginning of year	\$1,815,000
Less: New bonds issued	-
Less: Bonds retired	.. 207,000
Mortgage revenue bonds payable, end of year	\$ 1,608,000

ST. LOUIS PUBLIC TRUST FINANCING AUTHORITY

Notes to Financial Statements (Continued)

181 Composition of Board of Trustees

The Board of Trustees of the Authority consists of representatives and are only reimbursed for their expenses incurred relating to the Authority's business, which must have appropriate supporting documentation.

191 Litigation

There was no litigation pending against the Authority as of December 31, 2021.

SUPPLEMENTAL INFORMATION

ST. MARY PUBLIC TRUST FINANCING AUTHORITY

Comparative Schedules of General and Administrative Expenses
 Retention Fund
 Years Ended December 31, 1991 and 1990

	1991	1990
Investment expense	\$ 5,220	\$ 1,317
Mortgage insurance	2,891	2,319
Miscellaneous expenses	580	580
Printing fees	4,687	5,557
Tuition fees	2,835	4,165
Professional fees	4,358	4,350
Total	<u>\$16,345</u>	<u>\$18,688</u>

INTERNAL CONTROL AND COMPLIANCE

weakness is a condition in which the design or operation of one or more of the internal control components does not adhere to a principle governing the fact that misstatements or amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We used an criteria involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Darvall, Sikes & Frederick

A Corporation of Certified Public Accountants

Memphis Office, Louisiana
April 28, 1998

U.S. DEPT PUBLIC TRUST FINANCIAL AUTHORITY

Corrective Action Plan

December 31, 1990

REPORT ON INTERNAL CONTROL AND COMPLIANCE

There were no findings reported in the Report on Internal Control and Compliance for the year ended December 31, 1989.

MANAGEMENT LETTER

There were no findings reported in a management letter for the year ended December 31, 1989.

II. BANK PUBLIC TRUST FINANCIAL AGENCY

Summary of Prior Year Findings
December 31, 1987

There were no findings reported in the financial report for the year ended December 31, 1987.