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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE

To the Board of Directors
St. Tammany Public Trust Financing Authority

We have audited the financial statements of St. Tammany Public Trust Authority (the Authority) as of and for the year ended August 31, 1996 and have issued our report thereon dated December 20, 1996.

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 provide reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of the Authority for the year ended August 31, 1996, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of the Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected.

Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

NOTE G - COOPERATIVE ENDEAVOR AGREEMENT

On September 14, 1995, the Authority signed a Cooperative Endeavor Agreement with the Louisiana Housing Finance Agency (the Agency). The Agency and the Authority have agreed to cooperate in the financing of single family mortgage loans through a pool financing by the Agency on behalf of the Authority and other local public trusts.

The Authority allowed the Agency to utilize the Authority's available 1995 bond allocation of $4 million in exchange for the Agency's agreement to reserve the Authority's share of the Agency's 1995 Single Family Housing Bond Issue for a period of about ten months.

Based upon the December 1995 Issue, the Agency has reserved approximately $4,000,000 for use in St. Tammany Parish. All transactions for this issue are accounted for on the books of the Agency. The Authority is not liable for any bonds issued by the Agency.

NOTE F - FAIR VALUE OF FINANCIAL INSTRUMENTS - Continued

The estimated fair values of financial assets and financial liabilities at August 31, 1996 are as follows (in thousands):

	1990A Program		1990B Program		1990 Multifamily Program		1991A Program		1991B Program		1991C Program	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:												
Cash and cash equivalents	$ -	$ -	$ 60	$ 60	$ 101	$ 101	$ 273	$ 273	$ 215	$ 215	$ -	$ -
Investments	12,591	12,335	264	275	-	-	1,053	1,083	2,568	3,096	-	-
Mortgage loans receivable	-	-	3,176	3,176	2,354	2,354	-	-	530	530	-	-
Financial liabilities:												
Bonds payable	10,201	10,201	2,360	2,360	2,355	2,355	1,089	1,089	302	302	3,172	3,172

NOTE D - BONDS PAYABLE -Continued

Program after the repayment of the 1991B Bonds Payable. The bonds payable are also secured by a zero coupon U. S. Government Security with a face amount of $11,850,000 which matures on July 5, 2014, held by the 1991B Program until after the repayment of the 1991B Program Bonds Payable. The 1991C Program bonds are structured such that the bonds accrete value semi-annually at 7.5% until payment in full of the 1991B Program Bonds, at which time the Bonds will convert to pay principal and interest monthly at the rate of 7.5%. The bonds are scheduled to mature on July 20, 2014, and are not subject to optional redemption prior to maturity.

It is not possible to project the bond principal payments for the 1990A Program Class A-1 Bonds, the 1990B Program Bonds, the 1990 Multifamily Program Bonds, the 1991A Program Bonds, the 1991B Program Bonds and the 1991C Program Bonds for the next five years due to the repayment structuring and the redemption procedures of the Trust Indentures.

NOTE E - PROGRAM DEFICITS

The 1991C Program has a deficit in retained earnings at August 31, 1996 in the amount of $3,041,455.

NOTE F - FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles require the disclosure of fair value of financial insturments for which it is considered practicable to estimate fair value. Because no readily available market exists for a portion of the Authority's financial instruments, fair value for these instruments is based on judgments regarding current economic conditions, interest rate risk characteristics, loss experience and other factors. Many of these estimates involve uncertainties and matters of significant judgment and cannot be determined with precision. Therefore, the calculated fair value estimates cannot always be substantiated by comparison to independent markets and, in many cases may not be realized in a current sale of the instruments. Changes in assumptions could significantly affect the estimates.

The following assumptions were made by the Authority on estimating the fair value of its financial instruments at August 31, 1996:

a) Cash and cash equivalents - for these short-term instruments, the carrying amount is a reasonable estimate of fair value.

b) Investments - the fair values of U.S. Government Government Securities, guaranteed investment contracts, and mortgage-backed securities are based on quoted market prices.

c) Mortgage loans receivable - the carrying amount is a reasonable estimate of fair value.

d) Bonds payable - the carrying amount is a reasonable estimate of fair value.

NOTE D - BONDS PAYABLE -Continued

The bond principal and interest requirements of the 1990A Program Class A-1 Bonds Payable are secured by the pledge of the FHLMC Certificates of the 1990A Program. The 1990A Program Class A-1 Bonds pay interest semi-annually and are structured such that the monthly principal remittances received from the FHLMC certificates are passed through to bondholders as semi-annual principal redemptions of bonds payable. The bonds are scheduled to mature on May 20, 2011, and are subject to optional redemption after March 20, 2000 in accordance with the 1990A Program Bond Indenture.

The 1990A Program Class A-2 Bonds Payable were paid off during the year ended August 31, 1994.

The bond principal and interest requirements of the 1990B Program Bonds Payable are secured by the pledge of all assets of the 1990B Program. The 1990B Program bonds pay interest monthly at the rate of 7.25%. The bonds are structured such that the monthly principal remittances received from the mortgage loans are passed through to bondholders as monthly principal redemptions of bonds payable. The bonds are scheduled to mature on July 25, 2011, and are not subject to optional redemption prior to maturity.

The bond principal and interest requirements to the 1990 Multifamily Program Bonds Payable are secured by the pledge of the Mortgage Loans Receivable of the 1990 Multifamily Program. The 1990 Multifamily Program bonds pay interest monthly and are structured such that the monthly principal remittances received from the mortgage loans are passed through to bondholders as monthly principal redemptions of bonds payable. The bonds are scheduled to mature on October 1, 2020, and are subject to optional redemption in accordance with the 1990 Multifamily Program Bond Indenture.

The bond principal and interest requirements of the 1991A Program Bonds Payable are secured by the pledge of the FNMA Certificates of the 1991A Program. The 1991A Program bonds pay interest monthly and are structured such that the monthly principal remittances received from the FNMA certificates are passed through to bondholders as monthly principal redemptions of bonds payable. The bonds are scheduled to mature on June 1, 2002.

The bond principal and interest requirements of the 1991B Program Bonds Payable are secured by the pledge of the Mortgage Loans Receivable of the 1991B Program. The 1991B Program bonds pay interest monthly and are structured such that the monthly principal remittances received from the mortgage loans are passed through to bondholders as monthly principal redemptions of bonds payable. The bonds are scheduled to mature on July 1, 2014, and are subject to optional redemption after April 1, 2001, in accordance with the 1991B Bond Indenture.

The bond principal and interest requirements of the 1991C Program Bonds Payable are secured by the pledge of all assets of the 1991C Program and by pledge of the mortgage loans receivable of the 1991B

NOTE D - BONDS PAYABLE

Outstanding bonds payable are due on a term and serial basis and bear interest at rates as follows at August 31, 1996 (in thousands):

1990A Program:	
Taxable Refunding Bonds Class A-1, due May 20, 2011, 7.50% stated rate, 9.43% effective yield	$ 11,629
Less related discount	(1,428)
1990B Program:	
Tax Exempt Convertible Capital Appreciation Refunding Bonds, due July 25, 2011, 7.25% stated rate, 9.89% effective yield	2,834
Less related discount	(474)
1990 Multifamily Program:	
Multifamily Housing Revenue Refunding Bonds, due October 1, 2020, 10.00%	2,355
1991A Program:	
Single Family Mortgage Revenue Refunding Bonds, due June 1, 2002, 7.00%	1,089
1991B Program:	
Taxable Refunding Bonds, due July 1, 2014, 8.25% stated rate, 10.61% effective yield	322
Less related discount	(20)
1991C Program:	
Tax Exempt Capital Appreciation Refunding Bonds, due July 20, 2014, zero stated rate, 7.38% effective yield	11,850
Less related discount	(8,678)
Combined Total	$ 19,479

NOTE C - MORTGAGE LOANS RECEIVABLE - continued

In conjunction with the issuance of the 1991A Program and 1991B Program Bonds Payable, the remaining balance of mortgage loans receivable acquired by the Authority under the 1980 Program in the amounts of approximately $3,700,000 and $2,100,000 was transferred to the 1991A Program and the 1991B Program, respectively. Upon receipt of the mortgage notes, the 1991A Program pooled the loans and sold them to the Federal National Mortgage Association (FNMA) in exchange for FNMA securities on which FNMA guarantees payment of principal and interest when due. These securities, which bear interest at 8.75% and 9.75% and have maturity dates of January 1, 2002 to May 1, 2002, are collateralized by the related loans and securitize the 1991A Program Bonds Payable. The loans transferred to the 1991B Program securitize the 1991B Program Bonds Payable and the 1991C Program Bonds Payable.

Upon transfer to the 1991B Program, the interest rate on the Mortgage Loans Receivable was reduced to 9.50%.

The Mortgage Loans Receivable made through the 1990 Multifamily Program bear an interest rate of 10.50% and are secured by first mortgages on the related real property. There are five loans outstanding in this program.

Participating mortgage lenders service the mortgage loans for the Authority and receive monthly compensation based upon the unpaid principal balances of the mortgage loans.

In addition to the customary insurance required of the mortgagors, the mortgage loans in the 1990B and 1991B programs are insured by the Authority under a supplemental hazard policy and a master trust policy for mortgagor defaults.

The mortgage loans were made through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

NOTE B - CASH AND INVESTMENTS - Continued

U. S. Government securities and guaranteed investment contracts are carried at amortized cost.

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. Substantially all the U. S. Government securities are restricted for debt service on the respective program's bonds and payment of various program expenses.

Securities held-to-maturity consist of the following (in thousands):

	December 31, 1996			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities:				
FHLMC (1990A Program)	$ 11,190	$ -	$ 256	$ 10,934
FNMA (1991A Program)	1,053	30	-	1,083
	$ 12,243	$ 30	$ 256	$ 12,017

NOTE C - MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable acquired by the Authority from participating mortgage lenders under the 1979 and 1980 Programs have stated interest rates of 7.875% and 12.5%, respectively, have scheduled maturities of thirty and twenty years, respectively, and are secured by first mortgages on the related real property.

In conjunction with the issuance of the 1990A Program Bonds Payable, the remaining balance of mortgage loans receivable acquired by the Authority under the 1979 Program in the amount of approximately $29,923,000 was transferred to the 1990A Program. Upon receipt of the mortgage notes, the 1990A Program pooled the qualifying loans and sold them to the Federal Home Loan Mortgage Corporation (FHLMC) in exchange for FHLMC securities on which FHLMC guarantees payment of principal and interest when due. These securities, which bear a 7.5% interest rate and have maturity dates of January 1, 2010 to August 1, 2010, are collateralized by the related loans and securitize the 1990A Program Series A-1 Bonds Payable. The remainder of the mortgage loans securitize the 1990B Program Bonds Payable. These mortgage loans were transferred to the 1990B Program during the year ended August 31, 1994, after the 1990A Program Series A-2 Bonds were paid off.

NOTE B - CASH AND INVESTMENTS - Continued

The Authority's cash equivalents and investments at August 31, 1996 are categorized below (in thousands) 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 securitiesareheld 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.

	Carrying Value	Market Value	Category
COMBINED			
Cash equivalents	$ 714	$ 714	2
Guaranteed investment contracts	1,566	1,566	2
U. S. Government securities	2,667	3,206	2
	$ 4,947	$ 5,486	
1990A PROGRAM			
Guaranteed investment contracts	$ 1,401	$ 1,401	2
1990B PROGRAM			
Cash equivalents	$ 60	$ 60	2
Guaranteed investment contracts	165	165	2
U. S. Government securities	99	110	2
	$ 324	$ 335	2
1990 MULTIFAMILY PROGRAM			
Cash equivalents	$ 101	$ 101	2
1991A PROGRAM			
Cash equivalents	$ 273	$ 273	2
1991B PROGRAM			
Cash equivalents	$ 215	$ 215	2
U. S. Government securities	2,568	3,096	2
	$ 2,783	$ 3,311	2
UNRESTRICTED FUND			
Cash equivalents	$ 65	$ 65	2

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Combined Totals

The accompanying combined and individual financial statements include the totals of the similar accounts of the Authority's bond programs. Because the assets of each program are restricted by the related bond resolutions, the totaling of the accounts, including assets therein, is for convenience only and does not indicate that the combined assets are available in any manner other than that provided for in the resolutions of the separate programs.

4. Amortization

Bond issuance costs, including underwriters' discount on bonds sold, are being amortized ratably over the life of the bonds, based upon the principal amounts outstanding.

5. Deferred Financing Costs

Such costs related to bonds called in accordance with the early redemption provisions as described in the Bond Trust Indentures are charged to expense in the year that such bonds are called.

6. Discounts

Discounts resulting from the purchase of U. S. Government securities and the sale of bonds are amortized over the lives of the securities under the effective interest method.

7. Statement of Cash Flows

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

8. Estimates

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

NOTE B - CASH AND INVESTMENTS

The Authority's programs maintain deposits at the Trustee bank. The balance of these deposits at August 31, 1996 were $0. The Authority's cash equivalents represent interests in money market mutual funds. Its investments included guaranteed investment contracts and U. S. Government securities.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. History of the Authority - Continued

On April 25, 1991, the Authority issued $3,780,000 Single Family Mortgage Revenue Refunding Bonds Series 1991A, dated April 1, 1991 (the 1991A Program) $2,095,000 Taxable Refunding Bonds Series 1991B, dated April 1, 1991 (the 1991B Program) and $11,850,000 Tax-Exempt Capital Appreciation Refunding Bonds Series 1991C dated May 1, 1991 (the 1991C Program). The Series 1991A bonds bear an interest rate of 7.00% and mature on June 1, 2002. The Series 1991B bonds bear an interest rate of 8.25% and mature on July 1, 2014. The Series 1991C Bonds bear no interest and mature on July 20, 2014. The proceeds from the issuance of these bonds were used to pay bond issuance costs of the program and, along with funds from the 1980 Program, were used to retire the 1980 Program's outstanding Bonds Payable, the 1980 Program's Mortgage Loans Receivable were transferred to the 1991A and 1991B Programs' as collateral for the respective Bonds Payable. The 1991C Program's Bonds Payable are secured by a second lien on the Mortgage Loans Receivable of the 1991A and 1991B Programs.

The bonds issued by the Authority are general obligations for the Authority and are not an obligation of the State of Louisiana or any other political subdivision thereof. 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 programs it initiates. Under each of the programs the Authority utilizes area financial institutions to originate and service the mortgage loans and notes acquired. In addition, a bank has been designated as Trustee for each of the bond programs and has the fiduciary responsibility for the custody and investment of funds.

2. Basis of Accounting and Reporting

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 Bond Trust Indentures. The funds, which are maintained by the Trustee, provide for the accounting for bonds issued, debt service and bond redemption requirements, investments, and related revenues and expenses. The individual funds within each bond program are aggregated in the accompanying individual and combined financial statements. Because the 1979 Program was in-substance defeased during the year ending August 31, 1990, it is no longer presented with the individual and combined financial statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the St. Tammany Public Trust Financing Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

1. History of the Authority

The St. Tammany Public Trust Financing Authority (the Authority) was created through a Trust Indenture dated March 6, 1979 pursuant to provisions of Chapter 2-A 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 and development of any essential program conducted in the public interest within the boundaries of St. Tammany Parish, Louisiana.

The Authority's operations consist of the following programs. Two are 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 for these programs were obtained through the issuance of $50,000,000 of 1979 Single Family Mortgage Revenue Bonds, dated July 1, 1979, (the 1979 Program) and $37,500,000 of 1980 Single Family Mortgage Revenue Bonds, dated December 1, 1980 (the 1980 Program). In addition, the Authority had a collateralized loans-to-lenders program whereby the Authority provided funds to participating savings and loan associations for the purpose of making loans to developers for the acquisition, construction and ownership of multifamily rental properties. The funds for this program were obtained through the issuance of $20,915,000 of 1982 Collateralized Loans-to-Lenders Housing Revenue Bonds, dated May 1, 1982 (the 1982 Program).

On March 8, 1990, the Authority issued $26,470,000 in Taxable Refunding Bonds Series 1990A dated March 1, 1990 (the 1990A Program) and on April 17, 1990 issued $3,340,000 Tax-Exempt Convertible Capital Appreciation Refunding Bonds Series 1990B dated April 1, 1990 (the 1990B Program) for the purpose of providing for the repayment of the outstanding bonds of the 1979 program. The Authority entered into an Escrow Deposit Agreement with a local bank pursuant to which there have been deposited sufficient funds and Government Obligations (as defined in the 1979 Indenture) to provide for repayment of the 1979 bonds pursuant to the 1979 Indenture. Simultaneously, the mortgage loans receivable and certain funds of the 1979 Program were transferred to the 1990A Program and to the Authority's Unrestricted Fund.

On October 1, 1990, the Authority issued $2,446,000 in Multifamily Housing Revenue Refunding Bonds bearing 10% interest and maturing October 1, 2020. The funds from this issuance were used to provide for the refinancing of certain moderate to low income multifamily residential development projects previously financed by the 1982 Program.

St. Tammany Public Trust Financing Authority

INDIVIDUAL AND COMBINED STATEMENTS OF CASH FLOWS

For the Year Ended August 31, 1996
(in thousands)

	Combined (Memorandum) Only)	1990A Program	1990B Program	1990 Multifamily Program	1991A Program	1991B Program	1991C Program	Unrestricted Fund
Cash flows from operating activities:								
Net income (loss)	$ (109)	$ (104)	$ 19	$ (2)	$ -	$ 209	$ (228)	$ (3)
Adjustments to reconcile net income (loss)								
Amortization of bond discounts	416	150	33			8	225	
Amortization of deferred financing costs	97	37	7	5	26	19	3	
Interest on investments & mortgage certificates	(1,344)	(976)	(21)	(5)	(116)	(223)		(3)
Interest on bonds payable	1,433	861	218	237	84	33		
Decrease (increase) in interest receivable	35	20	12		3			
(Decrease) increase in interest payable	(54)	(42)	(5)		(3)	(4)		
(Decrease) increase in accounts payable and accrued liabilities	(4)		(4)					
Decrease (increase) in other assets	7	3	4					
Transfers out (in)	-	4	(4)					
Net cash provided by (used in) activities	477	(47)	259	235	(6)	42	-	(6)
Cash flows from investing activities:								
Accretion in U. S. Government securities	(213)					(213)		
Guaranteed investments contracts	(410)	(321)	(89)					
Collected on mortgage-backed securities	1,925	1,592			333			
Collected on mortgage loans receivable	708		498	21		189		
Interest received on investments	1,344	976	21	5	116	223		3
Net cash provided by investing activities	3,354	2,247	430	26	449	199	-	3
Cash flows from non-capital financing activities:								
Bond redemptions	(2,397)	(1,335)	(518)	(20)	(312)	(212)		
Interest on bonds payable	(1,433)	(861)	(218)	(237)	(84)	(33)		
Transfer in (out)	-	(4)	4					
Net cash used in financing activities	(3,830)	(2,200)	(732)	(257)	(396)	(245)	-	-
Net increase (decrease) in cash and cash equivalents	1	-	(43)	4	47	(4)	-	(3)
Cash and cash equivalents at beginning of year	713	-	103	97	226	219	-	68
Cash and cash equivalents at end of year	$ 714	$ -	$ 60	$ 101	$ 273	$ 215	$ -	$ 65

The accompanying notes are an integral part of these statements.

St. Tammany Public Trust Financing Authority

INDIVIDUAL AND COMBINED
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN RETAINED EARNINGS (DEFICIT)

For the Year Ended August 31, 1996
(in thousands)

	Combined (Memorandum) Only)	1990A Program	1990B Program	1990 Multifamily Program	1991A Program	1991B Program	1991C Program	Unrestricted Fund
Revenues								
Interest on mortgage loans	$ 578	$	$ 264	$ 248	$	$ 66	$	$
Interest on mortgage certificates	995	890			105			
Interest on investments	349	86	21	5	11	223		3
Total revenues	1,922	976	285	253	116	289	-	3
Expenses								
Interest	1,433	861	218	237	84	33		
Service fees	16		9	5		2		
Amortization of deferred financing costs	97	37	7	5	26	19	3	
Amortization of discounts on bonds payable	416	150	33			8	225	
Operating expenses	69	28	3	8	6	18		6
Total expenses	2,031	1,076	270	255	116	80	228	6
Net income (loss) before other financing sources (uses)	(109)	(100)	15	(2)	-	209	(228)	(3)
Other financing sources (uses)								
Transfers in (out)	-	(4)	4					
Total other financing sources (uses)	-	(4)	4	-	-	-	-	-
NET INCOME (LOSS)	(109)	(104)	19	(2)	-	209	(228)	(3)
Retained earnings (deficit) at beginning of year	4,580	2,672	1,238	313	312	2,853	(2,813)	5
Retained earnings (deficit) at end of year	$ 4,471	$ 2,568	$ 1,257	$ 311	$ 312	$ 3,062	$ (3,041)	$ 2

The accompanying notes are an integral part of these statements.

St. Tammany Public Trust Financing Authority

INDIVIDUAL AND COMBINED BALANCE SHEETS

August 31, 1996
(in thousands)

	Combined (Memorandum) Only)	1990A Program	1990B Program	1990 Multifamily Program	1991A Program	1991B Program	1991C Program	Unrestricted Fund
ASSETS								
Cash and cash equivalents	$ 714	$	$ 60	$ 101	$ 273	$ 215	$	$ 65
Guaranteed investment contracts	1,566	1,401	165					
U. S. Government securities - at amortized cost	2,667		99			2,568		
Mortgage-backed securities - held-to-maturity	12,243	11,190			1,053			
Mortgage loans receivable	6,060		3,176	2,354		530		
Accrued interest receivable	213	143	31	21	9	9		
Deferred financing costs - net of amortization	958	391	122	197	80	47	131	
Total assets	$ 24,431	$ 13,125	$ 3,653	$ 2,673	$ 1,415	$ 3,369	$ 131	$ 65
LIABILITIES AND RETAINED EARNINGS								
Accounts payable	$ 64	$	$	$	$ 1	$	$	$ 63
Accrued interest payable	417	356	36	7	13	5		
Bonds payable - net of discounts	19,479	10,201	2,360	2,355	1,089	302	3,172	
Total liabilities	19,960	10,557	2,396	2,362	1,103	307	3,172	63
Retained earnings (deficit)	4,471	2,568	1,257	311	312	3,062	(3,041)	2
Total liabilities and retained earnings (deficit)	$ 24,431	$ 13,125	$ 3,653	$ 2,673	$ 1,415	$ 3,369	$ 131	$ 65

The accompanying notes are an integral part of these statements.

Smith, Huval & Associates, L.L.C.
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Certified Public Accountants
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
St. Tammany Public Trust Financing Authority

We have audited the accompanying individual and combined balance sheets of St. Tammany Public Trust Financing Authority (the Authority) as of August 31, 1996 and the related individual statements of revenues, expenses and changes in retained earnings (deficit) and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the St. Tammany Public Trust Financing Authority and its programs at August 31, 1996 and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

Smith, Huval & Associates, L.L.C.

December 20, 1996

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ST. TAMMANY PUBLIC TRUST FINANCING AUTHORITY

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORTS

August 31, 1996

For the purpose of this report, we have classified the significant internal control structure policies and procedures into the following categories: cash receipts, cash disbursements, investments, debt service, and reporting. For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the 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 noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information of management and the Board of Trustees of the Authority and the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Authority, is a matter of public record.

Smith, Huval & Associates, L.L.C.

December 20, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

To the Board of Trustees
St. Tammany Public Trust Financing Authority

We have audited the financial statements of St. Tammany Public Trust Financing Authority (the Authority) as of and for the year ended August 31, 1996, and have issued our report thereon dated December 20, 1996.

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 financial statements are free from material misstatement.

Compliance with laws, regulations, and contracts applicable to the Authority is the responsibility of the Authority's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations and contracts. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests indicate that, with respect to the items tested, the Authority complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Authority had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Trustees of the Authority and the State of Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Authority, is a matter of public record.

Smith, Huval & Associates, L.L.C.

December 20, 1996