been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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 reportable 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 for the information of the Authority's Board of Trustees and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bergeron & Company

September 10, 1996

7. Amounts Remaining in Accounts. Amounts remaining in any Account and payments received on the Series B mortgage loans after full payment of the Bonds and fees, charges, expenses or other amounts requires to be paid by the 1992 B accounts shall be transferred to the Debt Service Account under the Series C Indenture.

Residual Revenue Capital Appreciation Bonds - Series 1992 C:

1. Debt Service Account. Following payment in full of the Series B bonds, all payment on Series B mortgage loans and all amounts remaining under the Series B Indenture shall be deposited in the Debt Service Account. Amounts in the account shall be used to pay the maturity amount of the Bonds and reimburse the Expense Account for fees and expenses paid.

2. Expense Account. Moneys deposited in the account will pay insurance premiums on mortgage loans and other program expenses.

3. Amounts Remaining in Accounts. Any amounts remaining in any Account and any residual revenues received after full payment of the Bonds and all related fees, charges and expenses shall be released to the Authority by the Trustee.

4) <u>Use of Estimates</u>

The preparation 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 expenses during the reporting period. Actual results could differ form those estimates.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Comprehensive Annual Financial Report

Year Ended March 31, 1996

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
Houma, Louisiana

Comprehensive Annual Financial Report

March 31, 1996

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833 Little Bayou Black
P. O. Box 3695
Houma, Louisiana 70361-3695
Telephone (504) 851-0883
Fax (504) 851-3014

Bergeron & Company

— Certified Public Accountants —
A Professional Corporation

Claude E. Bergeron, CPA
Thomas J. Lanaux, CPA

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Public Trust Financing Authority, a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended March 31, 1996, as listed in the foregoing table of contents. 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 component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit 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 general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Houma-Terrebonne Public Trust Financing Authority as of March 31, 1996 and the results of its operations and cash flows 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 September 10, 1996 on our consideration of the internal control structure of the Houma-Terrebonne Public Trust Financing Authority, a component unit of the Terrebonne Parish Consolidated Government, and a report dated September 10, 1996 on its compliance with laws and regulations.

Bergeron + Company

September 10, 1996

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Balance Sheet - Fiduciary Fund Type
Nonexpendable Trust Fund

March 31, 1996

ASSETS		
Cash and cash equivalents	$ 274,492	
Investment securities	901,406	
Real estate mortgage loans receivable	1,801,376	
Deferred charge - bond issuance costs net of accumulated amortization	69,736	
Total assets		$ 3,047,010
LIABILITIES AND FUND BALANCE		
Accrued interest payable	$ 20,815	
Bonds payable, net of unamortized bond discounts	2,685,208	
Total liabilities		$ 2,706,023
Fund balance:		
Reserved - bond trust indentures	235,609	
Unreserved fund balance:		
Undesignated	105,378	
Total fund balance		340,987
Total liabilities and fund balance		$ 3,047,010

See notes to financial statements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Statement of Revenues, Expenses, and
Changes in Fund Balance - Fiduciary Fund Type
Nonexpendable Trust Funds

Year Ended March 31, 1996

Operating revenues:		
Interest on real estate mortgage loans	$ 146,836	
Income on investments	87,981	
Total operating revenues		$ 234,817
Operating expenses:		
Current operating:		
Interest expense on bonds	219,405	
Amortization of deferred bond issuance costs	4,428	
Other expenses:		
Insurance	2,941	
Professional services	16,266	
Trust, servicer and agent fees	7,209	
Total operating expenses		250,249
Excess revenues/(expenses)		(15,432)
Fund balance at beginning of year		356,419
Fund balance at end of year		$ 340,987

See notes to financial statements.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Statement of Cash Flows - Fiduciary Fund Type
Nonexpendable Trust Funds

Year Ended March 31, 1996

Cash flows from operating activities:		
Excess of revenues over expenses	$ (15,432)	
Adjustments to reconcile excess revenues over expenses to net cash provided (used by operating activities:		
Amortization of deferred bond issuance costs	4,428	
Income on investments	(87,981)	
Interest expense on bonds	219,405	
Proceeds from real estate mortgage loans	133,059	
Due to Servicer	(1,752)	
Total adjustments	267,159	
Net cash provided by operating activities		$ 251,727
Cash flows from noncapital financing activities:		
Bond principal payments	(218,334)	
Bond interest payments	(131,719)	
Net cash used by noncapital financing activities		(350,053)
Cash flows from investing activities:		
Interest on investments	15,059	
Net cash provided by investing activities		15,059
Net increase (decrease) in cash and cash equivalents		(83,267)
Cash and cash equivalents at beginning of year		357,759
Cash and cash equivalents at end of year		$ 274,492

See notes to financial statements.

Notes to Financial Statements

1) <u>Reporting Entity</u>

The Houma-Terrebonne Public Trust Financing Authority (Authority) is a public trust created by a Trust Indenture dated December 26, 1978, pursuant to Chapter 2A of Title 9 of the Louisiana Revised Statutes, as amended. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Houma-Terrebonne area through low interest first mortgage loans and other purposes as specified by the Trust Indenture. The beneficiary of the trust is the Terrebonne Parish Consolidated Government on behalf of the Urban Services District.

The Authority has a five member appointed Board of Trustees, each member having a five-year term, and having the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. This report includes all funds of the Authority.

Evidence of indebtedness are solely the obligations of the Authority and are not obligations of the Urban Services District, Terrebonne Parish Consolidated Government or the State of Louisiana.

The Authority is classified as a component unit of the Terrebonne Parish Consolidated Government (Parish) who is the beneficiary of the Trust on behalf of the Urban Services District.

2) <u>Summary of Significant Accounting Policies</u>

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

a) Fund Type. 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 which comprise its assets, liabilities, fund equity, revenues and expenses. The fund type presented in the financial statements is described as follows:

<u>Nonexpendable Trust Fund</u>: This fund is used to account for bond proceeds that were used to finance residential housing through low interest first mortgage loans and for other purposes as specified by the Trust indenture.

SUPPLEMENTARY FINANCIAL REPORTS

3) Creation of Funds and Accounts

Taxable Refunding Bonds Series 1992 A, Series 1992 B (class B-1 and B-2):

1. Proceeds Account. This account was established to receive the proceeds from the initial issuance of the bonds and disburse these funds in accordance with the Trust indentures. Funds remaining in this account after the required transfers are to be transferred to the collection account.

2. Collection Account. The trustee is required to deposit all payments of interest and principal on the Series B mortgage loans, all interest received on investments held in the Liquidity Reserve Account, and all amounts required to be transferred from the Debt Service Reserve Account into the Collection Account.

   The moneys in this account shall be used to pay interest and principal on bonds as it becomes due and maintain the Expense Account at a balance of no less than $15,000.

3. Expense Account. This account was initially funded with $45,000 from the initial issuance of the 1992 Series Bonds and is to be maintained at a balance of no less than $15,000 from funds available in the Collection Account. The moneys in this account are to be used to pay trustee fees, mortgage insurance premiums, and other program expenses.

4. Redemption Account. This account is to be used to pay principal and accrued interest on bonds called for redemption from amounts supplied by the Authority.

5. Liquidity Reserve Account. This account was initially funded with $136,250 from the initial issuance of the 1992 Series Bonds. Investment earnings on amounts deposited in this Account are transferred to the Collection Account. The moneys in this account shall be transferred to the Collection Account to pay bond interest and principal when due to the extent funds are insufficient in the Collection Account.

6. Debt Service Reserve Account. This account was initially funded with $654,281 from the initial issuance of the 1992 Series Bonds. The moneys in this account shall be transferred to the Collection Account to pay bond interest and principal when due to the extent funds are insufficient in the Collection Account and Liquidity Reserve Account.

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HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Comprehensive Annual Financial Report

Year Ended March 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date OCT 09 1996

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HOUMA, LOUISIANA

A PROFESSIONAL CORPORATION

5) Cash and Investment Securities

Cash and investment securities consist of the following amounts which are held by the Trustee or his designee in various accounts and funds established in accordance with the bond trust indenture:

Trust Indenture Accounts	Cash and Cash Equivalents	Investment Securities Carrying Value	Investment Securities Market Value
Program subaccount	$ 105,378	$ -	$ -
Series 1992:			
Proceeds Account	-	-	-
Collection Account	17,864	-	-
Expense Account	15,000	-	-
Liquidity Reserve Account	136,250	-	-
Debt Service Reserve Account	-	901,406	1,123,500
	$ 274,492	$ 901,406	$ 1,123,500

Principally all cash and cash equivalents are held in U. S. Treasury Money Market Funds. These Funds are secured by securities held by the Fund trustee and pledged to secure all deposits in the Funds and are not federally insured by the Federal Deposit Insurance Corporation (FDIC).

At March 31, 1996, the Debt Service Reserve Account held an investment in a Federal National Mortgage Association zero coupon security with a face value of $4,200,000 originally dated July 5, 1984 and maturing July 5, 2014. This security was purchased June 16, 1992 for $654,281 and the purchase discount is being accreted into revenue based on an estimated 8.8% effective annual yield. This security has a $222,094 unrealized gain at March 31, 1996.

6) Bond Issuance Costs

The costs of issuing bonds are being amortized on a straight-line basis over the life of the issue. When bonds are redeemed prior to their regularly scheduled maturity, a proportionate part of the related unamortized bond issuance costs is charged to expense. Amortization as of March 31, 1996 is as follows:

	Series 1992
Underwriting costs	$ 86,709
Less accumulated amortization	(16,973)
	$ 69,736

Amortization expense charged to operations is as follows:

Amortization of deferred bond issuance costs:	
1992 Series bonds	$ 4,428

7) Bonds Payable

Bonds payable at March 31, 1996 consist of Taxable Refunding Bonds Series 1992 B, Class B-1 and B-2, and Residual Revenue Capital Appreciation Bonds Series 1992 C. Changes in bonded debt for the year ended March 31, 1996 are as follows:

	Series 1992 B (B-1)	Series 1992 B (B-2)	Series 1992 C	Total
Bonds payable at March 31, 1995	$ 1,828,169	$ 35,009	$ 950,000	$ 2,813,178
Amortization of issue discount	13,491	3,313	73,560	90,364
Retired	(218,334)	-	-	(218,334)
Bonds payable at March 31, 1996	$ 1,623,326	$ 38,322	$ 1,023,560	$ 2,685,208

Bonds payable at March 31, 1996 are comprised of the following issues:

Series	Bond Face Amount	Unamortized Bond Issue Discount	Net Bonds Outstanding
Series 1992 B, Class B-1	$ 1,689,505	$ 66,179	$ 1,623,326
Series 1992 B, Class B-2	200,000	161,678	38,322
Series 1992 C	4,000,000	2,976,440	1,023,560
Total	$ 5,889,505	$ 3,204,297	$ 2,685,208

Taxable Refunding Bonds, Series 1992 B, Class B-1 dated June 1, 1992 bear interest at 7.375%. Interest accrues monthly and is payable on the first business day of the second month following the month of accrual. Principal is payable on the first business day of each month only from funds available in the Collection Account after payment of interest and other fees and expenses with the remaining balance due April 1, 2011. The bonds are subject to optional redemption prior to maturity, in whole, on and after June 1, 2002 at 100% of the unpaid principal amount. The Series 1992 B bonds are secured by the real estate mortgage loans and cash and investments held in the accounts established by the indenture.

Taxable Refunding Bonds, Series 1992 B, Class B-2 dated June 16, 1992 maturing July 10, 2014 at $200,000. Interest is not payable monthly but shall accrete value at an interest rate of 9.25% per annum compounded semiannually which will produce an aggregate maturity amount of $200,000. The Class B-2 bonds are not subject to redemption prior to maturity.

Residual Revenue Capital Appreciation Bonds, Series 1992 C dated June 16, 1992 maturing July 10, 2014 at $4,000,000. Interest is not payable monthly but shall accrete value at an interest rate 7.60% per annum compounded semiannually which will produce an aggregate maturity amount of $4,000,000.

The bonds are secured by a residual interest in the trust estate created by the Series B trust indenture. The Bonds are subject to optional redemption on any date on or after June 1, 2002 at redemption prices ranging from 103% to 101% of the accreted value of the bonds at the date of redemption through May 31, 2005.

A combined schedule of maturities and interest requirements for all bonds for each of the next five years is not presented since the amount of maturities is not fixed and determinable on an annual basis for the Series 1992, Class B-1 bonds, as discussed above.

8) Extinguishment Through In-Substance Defeasance of Debt

1. 1979 Series A, Single Family Mortgage Revenue Bonds.

On June 16, 1992, the Authority defeased the 1979 Series A, Single Family Mortgage Revenue bonds by depositing approximating $8,997,000 from the issuance of the Series 1992 refunding bonds along with approximately $4,597,000 held in the 1979 Series A bond program accounts in an irrevocable trust account with an escrow agent to be invested in governmental obligations maturing at such times to provide for all future debt service payments on the 1979 Series A bonds. Accordingly, the 1979 Series A bonds are considered to be defeased and do not appear as a liability in the financial statements. At March 31, 1996, defeased 1979 Series A bonds of $12,925,000 remain outstanding.

2. 1980 Series A, Single Family Mortgage Revenue Bonds.

On May 12, 1988, the Authority defeased the 1980 Series A, Single Family Mortgage Revenue bonds by selling all of the program's assets and depositing the proceeds of $7,242,272 in and irrevocable trust account to be invested in governmental obligations maturing at such times so that sufficient moneys will be available to pay bond principal of $6,365,000 and interest as it becomes due. Additionally, by terms of the escrow deposit agreement and the related notice of defeasance, final maturity for all bonds not redeemed on or before November 1, 1999 has been fixed for November 1, 2000. Accordingly, the 1980 Series A bonds are considered to be extinguished and do not appear as a liability in the accompanying balance sheet. As of March 31, 1996 defeased 1980 Series A bonds of $5,770,000 remain outstanding.

9) Unreserved and Undesignated Fund Balance

Monies in the Program Subaccount are not pledged as security for the bonds and are not subject to the lien of the bond indentures. These funds are available for any valid purpose under the terms of the Trust Indenture.

HOUMA-TERREBONNE PUBLIC TRUST FINANCING AUTHORITY
HOUMA, LOUISIANA

Notes to Financial Statements

10) Compensation of Board Members

The Authority did not pay per diem to any of the members of its Board of Trustees during the year ended March 31, 1996.

11) Supplemental Disclosures of Cash and Non-Cash Information

Cash paid for interest was $134,396 for the year ended March 31, 1996.

The Authority had the following non-cash transactions:

Accretion of discount on investment securities amounted to $72,922.
Amortization of bond issue discounts amounted to $90,364.

12) Transfer of Funds

In a prior year, the Authority transferred $1,800,000 to the Terrebonne Parish Consolidated Government for their use in constructing the Civic Center Office Administration Complex. In the event the project should not be completed, the funds would revert back to the Authority.

13) Condensed Operating Results

Condensed operating results for the Series 1992 bond program and the Program Subaccount (discussed in note 9) follow:

	Series 1992	Program Subacccount	Total
Interest income	$ 228,579	$ 6,238	$ 234,817
Interest expense on bonds	219,405	-	219,405
Net interest income	9,174	6,238	15,412
Other operating expenses:			
Amortization of deferred bond issuance costs	4,428	-	4,428
Other expenses	12,892	13,524	26,416
Excess revenues (expenses)	(8,146)	(7,286)	(15,432)
Fund balance at beginning of year	243,755	112,664	356,419
Fund balance at end of year	$ 235,609	$ 105,378	$ 340,987

833 Little Bayou Black
P. O. Box 3695
Houma, Louisiana 70361-3695
Telephone (504) 851-0883
Fax (504) 851-3014

Bergeron & Company

— Certified Public Accountants —
A Professional Corporation

Claude E. Bergeron, CPA
Thomas J. Lanaux, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
Houma, Louisiana

We have audited the general purpose financial statements of the Houma-Terrebonne Public Trust Financing Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, for the year ended March 31, 1996, and have issued our report thereon dated September 10, 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 of material misstatement.

The Authority's board of trustees (the Board) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by the Board 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 the Board 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 the Board'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.

In planning and performing our audit of the general purpose financial statements of the Authority for the year ended March 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have

833 LITTLE BAYOU BLACK
P. O. BOX 3695
HOUMA, LOUISIANA 70361-3695
TELEPHONE (504) 851-0883
FAX (504) 851-3014

Bergeron & Company

CERTIFIED PUBLIC ACCOUNTANTS
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CLAUDE E. BERGERON, CPA
THOMAS J. LANAUX, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Houma-Terrebonne Public Trust Financing Authority
Houma, Louisiana

We have audited the accompanying general purpose financial statements of the Houma-Terrebonne Public Trust Financing Authority (the Authority), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended March 31, 1996, and have issued our report thereon dated September 10, 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 of material misstatement.

Compliance with laws, regulations and contracts applicable to the Authority is the responsibility of the Authority's board of trustees. As part of our audit, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the Authority's compliance with such provisions of laws, regulations, contracts, and grants.

This report is intended for the information of the Authority's Board of Trustees and the Legislative Auditor for the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Bergeron + Company

September 10, 1996

b) Basis of accounting. The Authority follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

c) Budgetary data. The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Authority's nonexpendable Trust Funds.

d) Statement of cash flows. For purposes of the statement of cash flows, cash equivalents include deposits and all short-term investments having original maturities of three months or less.

e) Investments. Investment debt securities are stated at cost; amortization of premiums and accretion of discounts are adjusted using the effective interest rate method over the remaining life of the security. Gains and losses are recognized when securities are sold. Investments in U. S. Government mutual trust funds are stated at the lower of aggregate cost or market. A valuation account has been established and is used when aggregate market value is less than aggregate cost.

f) Mortgage loans receivable. All mortgage loans receivable are insured for losses by reason of a default by a mortgagor. Based on the coverages in effect, the Authority does not anticipate any significant losses; accordingly, an allowance for uncollectible accounts is not necessary.

g) Interest receivable. Interest receivable on investments and real estate mortgage loans is recorded as revenue in the year the interest is earned.

h) Bond issuance costs. The costs of issuing bonds are being amortized on a straight-line basis over the life of the issues. When bonds are redeemed prior to their regularly scheduled maturity, a proportionate part of the related unamortized bond issuance costs is charged to expense.

i) Real estate owned acquired through foreclosure. Real estate owned is carried at the principal outstanding on the loan prior to acquisition by the Authority net of insurance proceeds received. The Authority was not holding any real estate acquired through foreclosure at March 31, 1996.

j) Trust indenture accounts. The trust indentures under which the bonds were issued created certain funds and accounts. See note 3 for accounts maintained by the Authority.