

FEDERAL HOME MORTGAGE AUTHORITY

COMPONENT UNIT  
FINANCIAL STATEMENTS  
(Audited)

March 31, 1999 and 1998

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Release Date: **SEP 04 1999**

**IBERIA HOME MORTGAGE AUTHORITY**  
**TABLE OF CONTENTS**  
**March 31, 1995 and 1995**

**FINANCIAL INFORMATION SECTION**

Independent Auditor's Report .....	1
Component Unit General Purpose Financial Statements	
Balance Sheets .....	2
Statements of Revenues, Expenditures and Changes in Fund Balance .....	3
Statements of Cash Flows .....	4
Notes to Financial Statements .....	5-9

**INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION**

Independent Auditor's Report on Internal Control Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	10-11
Independent Auditor's Report on Compliance with Laws and Regulations Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards .....	12

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**INDEPENDENT AUDITORS' REPORT**

**TRUSTEES,  
IBERIA HOME MORTGAGE AUTHORITY  
New Iberia, Louisiana**

We have audited the accompanying general purpose financial statements of **IBERIA HOME MORTGAGE AUTHORITY** (A Louisiana Public Trust), a component unit of the City of New Iberia, Louisiana, at March 31, 1998 and 1999, and for the years then ended as listed in the financial information section of the foregoing table of contents. These financial statements are the responsibility of the management of the **IBERIA HOME MORTGAGE AUTHORITY**. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide 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 **IBERIA HOME MORTGAGE AUTHORITY** at March 31, 1998 and 1999, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

New Iberia, Louisiana  
July 30, 1998

*Templeton & Blanchard*

**ELIYA HOME MORTGAGE AUTHORITY**  
**BALANCE SHEETS**  
 March 31, 1998 and 1995

	<u>1998</u>	<u>1995</u>
<b>ASSETS</b>		
Cash	\$ 129,300	\$ 175,817
Investments (At Cost)	659,525	600,270
Mortgage Loans Receivable	4,030,360	5,545,441
Bond Insurance Costs, Less Accumulated Amortization of \$93,331 in 1998 and \$61,963 in 1995	221,838	250,100
Accrued Interest Receivable	39,800	44,520
Prepaid Expenditures	5,825	4,135
<b>TOTAL ASSETS</b>	<b><u>\$5,077,530</u></b>	<b><u>\$6,620,305</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
Accrued Expenditures	\$ 104,120	\$ 132,114
Bonds Payable, Including Unamortized Premium of \$413,322 in 1998 and \$466,214 in 1995 and Less Unamortized Deferred Amount on Refunding of \$262,854 in 1998 and \$206,058 in 1995	5,589,668	6,274,066
<b>TOTAL LIABILITIES</b>	<b><u>5,693,788</u></b>	<b><u>6,406,180</u></b>
<b>FUND BALANCE</b>	<b><u>208,758</u></b>	<b><u>202,000</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$5,902,546</u></b>	<b><u>\$6,608,180</u></b>

See accompanying notes to financial statements.

**BERIA HOME MORTGAGE AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**For the Years Ended March 31, 1996 and 1995**

	<u>1996</u>	<u>1995</u>
<b>REVENUES</b>		
Interest Income - Mortgage Loans	\$ 424,000	\$ 484,620
Interest Income - Investments	<u>39,224</u>	<u>42,141</u>
<b>Total Revenues</b>	<u>463,224</u>	<u>526,761</u>
<b>EXPENDITURES</b>		
Interest	367,620	402,620
Servicing Fees	28,718	29,468
Trustee's Fees	4,018	6,473
Insurance	15,007	17,202
Amortization of Organization Costs	28,288	44,245
Amortization of Deferred Amount on Refunding	33,486	62,426
Legal and Accounting	<u>3,300</u>	<u>3,300</u>
<b>Total Expenditures</b>	<u>478,737</u>	<u>558,734</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>84,487</b>	<b>(31,973)</b>
<b>FUND BALANCE, Beginning of Year</b>	<b>222,339</b>	<b>261,339</b>
<b>FUND BALANCE, End of Year</b>	<b>\$306,826</b>	<b>\$229,366</b>

See accompanying notes to financial statements.

INDIA HOME MORTGAGE AUTHORITY  
STATEMENTS OF CASH FLOWS  
For the Years Ended March 31, 1990 and 1989

	<u>1990</u>	<u>1989</u>
<b>Cash Flows From Operating Activities:</b>		
Excess (Deficiency) of Revenues over Expenditures	\$ (23,570)	\$ (28,040)
Adjustments to Reconcile Net Income To		
Net Cash Provided By Operating Activities:		
Amortization of Bond Issuance Costs	20,200	44,245
Amortization of Premium on Bonds Payable	(52,803)	(52,470)
Gain On Sale of Investments	-	-
Amortization of Deferred Amount on Refunding	33,490	52,428
Decrease in Mortgage Loans Receivable	615,581	861,471
Decrease in Accrued Interest Receivable	4,840	8,298
Decrease (Increase) in Prepaid Expenditures	510	754
(Decrease) in Accrued Expenditures	(177,894)	(18,128)
Net Cash Provided By Operating Activities	<u>667,720</u>	<u>847,662</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from Sale of Investments	1,180,674	1,567,370
Purchases of Investments	(1,147,827)	(1,218,222)
Net Cash Provided By Investing Activities	<u>32,847</u>	<u>349,148</u>
<b>Cash Flows From Financing Activities:</b>		
Bonds Paid and Redeemed	(980,000)	(1,080,000)
Payment of Bond Issuance Costs	-	(1,700)
Net Cash Used in Financing Activities	<u>(980,000)</u>	<u>(1,081,700)</u>
Net Increase (Decrease) in Cash	(40,517)	44,904
Cash, Beginning of Year	175,817	130,913
Cash, End of Year	<u>\$ 135,300</u>	<u>\$ 175,817</u>
<b>Supplemental Cash Flow Information:</b>		
Cash Paid During the Year for Interest	\$ 433,343	\$ 493,525

See accompanying notes to financial statements.

**ISERA HOME MORTGAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
March 31, 1999 and 1998

**NOTE 1: GENERAL INFORMATION**

The ISERA HOME MORTGAGE AUTHORITY is a Louisiana Public Trust created pursuant to Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1960, as amended, and a Trust Indenture dated January 16, 1979 with the City of New Iberia, Iberia Parish, Louisiana as beneficiary. The Authority was formed for the purpose of issuing bonds to provide funds to acquire mortgage notes secured by first mortgage liens on certain residential properties located in Iberia Parish, Louisiana. The financial statements of Iberia Home Mortgage Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority's accounting and procedures also follow the guidelines set forth in the *Louisiana Municipal Audit and Accounting Guide* and the industry audit guide, *Audits of State and Local Governments* published by the American Institute of Certified Public Accountants. The more significant of the Authority's accounting policies are described below.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

Reporting Entity—In evaluating how to define the governmental unit, for financial reporting purposes, consideration has been given to the following criteria as set forth by GASB Statement No. 14:

- a. Financial interdependence
- b. Selection of governing authority
- c. Accountability for fiscal matters

Based on the above criteria, the Authority is considered to be a component unit, and an integral part of the City of New Iberia, Louisiana (the reporting entity). These financial statements include only the operations of the Authority.

Fund Accounting—The Authority uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

ISERNA HOME MORTGAGE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS, CONTINUED  
March 31, 1999 and 1998

**Note 2: SIGNIFICANT ACCOUNTING POLICIES, Continued**

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types". The Authority's current operations require only the use of one fund, the proprietary fund.

**Proprietary Fund-**The Proprietary Fund is the general operating fund of the Authority. It is used to account for all financial resources of the Authority.

**Method of Accounting-**The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Since the Authority only has one operating cycle, the Balance Sheets are non-classified. The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred.

**Budgetary Practices-**Because no financial activity was planned for the years the Authority did not adopt a budget for the years ended March 31, 1999 and 1998. Therefore these financial statements do not contain a comparison of actual to budgeted activity.

**Investments-**Investments are stated at cost, plus discount adjustments. Because these securities are purchased for investment purposes, and the quoted market values fluctuate during the investment period, gains and losses are recognized (based on the specific identification method) either upon realization, or when securities' values are deemed to have been permanently impaired.

**Intangible Assets-**The costs of issuing the bonds and the deferred amount on refunding are being amortized over the life of the bonds using the allocated cost method.

The premium received from the refunding bonds is being amortized over the life of the bonds using the effective interest method.



BEREA HOME MORTGAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 March 31, 1996 and 1995

NOTE 3: CASH AND INVESTMENTS

Cash and investments at March 31, 1995 consist of the following:

	Cash	Investments at Cost	Total
<b>Trustee's Accounts:</b>			
Debt Reserve Account	\$ -	\$ 306,250	\$ 306,250
Principal Prepayment Account	67,832	50,529	118,361
Bond Account	64,461	253,489	317,950
Expense Account	13,424	-	13,424
<b>Totals</b>	<b>\$ 1,75,817</b>	<b>\$ 609,278</b>	<b>\$ 785,095</b>

Cash and investments at March 31, 1996 consist of the following:

	Cash	Investments at Cost	Total
<b>Trustee's Accounts:</b>			
Debt Reserve Account	\$ -	\$271,000	\$271,000
Principal Prepayment Account	37,830	-	37,830
Bond Account	80,756	206,525	287,281
Expense Account	7,818	-	7,818
<b>Totals</b>	<b>\$126,304</b>	<b>\$683,525</b>	<b>\$809,829</b>

The indenture restricts the funds in the various accounts to be used for certain, specific purposes. In addition, minimum balances in cash and investments amounting to \$484,548 and \$471,644 were required at March 31, 1995 and 1996 by the indenture.

The investments consist of:

	Face Amount (Maturity Value)	
	1996	1995
Guaranteed Investment Certificates at 4% to 5.89% interest with final maturity in 2010	<b>\$558,525</b>	<b>\$ 609,278</b>

Market value of the above securities at March 31, 1995 and 1996 approximated cost.

The above cash and securities are pledged as security for the Authority's bonds payable.

The Authority's cash as of March 31, 1996 and 1995 is fully insured and collateralized by securities held by the Authority.

IBERIA HOME MORTGAGE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS, CONTINUED  
 March 31, 1996 and 1995

**NOTE 4: MORTGAGE LOANS RECEIVABLE**

Mortgage loans receivable consist of 8-1/4% real estate notes secured by first liens on residential properties located in Iberia Parish, Louisiana. These loans were originated by participating mortgage lending institutions in accordance with the then current standards established by FHBA and FHMC guides. The participants are now servicing these loans which mature by the year 2011. All loans are considered to be collectible at March 31, 1996 and 1995. These mortgage loans receivable are pledged as security for the Authority's bonds payable.

**NOTE 5: BOND ISSUANCE COSTS**

Bond issuance costs consist of the following:

	<u>1996</u>	<u>1995</u>
Underwriters' Fees	\$194,925	\$194,925
Other (Printing, legal, rating fees)	117,144	117,144
Total	\$312,069	312,069
Accumulated Amortization	(90,201)	(81,953)
Unamortized Bond Issuance Costs	<b>\$221,868</b>	<b>\$230,116</b>

**NOTE 6: BONDS PAYABLE**

On July 7, 1995, the Authority issued \$7,523,000 in Iberia Home Mortgage Authority Single Family Mortgage Revenue Bonds dated July 1, 1993, with interest ranging from 3.75% to 7.28% to refund \$8,025,000 of the outstanding 1979 Series Bonds. The proceeds of \$7,869,000 including a premium of \$600,000 (after payment of \$312,000 in underwriting fees, insurance and other issuance costs) plus proceeds from sale of investments were used to retire the 1979 Series Bonds.

The refunding resulted in a difference of \$393,901 between the reacquisition price and the net carrying amount of the old debt (deferred amount on refunding). This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2010 using the allocated cost method.

**BIERMA HOME MORTGAGE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**  
 March 31, 1996 and 1995

**NOTE 6: BONDS PAYABLE, Continued**

The Authority completed the refunding to reduce its total debt service payments over the next 17 years by \$2.9 million.

The bonds are secured by an assignment and pledge of and security interest in all mortgage loans acquired with bond proceeds and the income therefrom, all monies and investments held under the indentures, and all of the Authority's rights and interest.

Scheduled bond maturities through 2001 are as follows:

1997	\$ -
1998	\$125,000
1999	\$268,000
2000	\$295,000
2001	\$315,000

The Authority's trust instrument contains certain provisions requiring that should excess funds be accumulated by the Authority, they be used to redeem a mandatory early retirement of the Authority's bonds payable. This situation existed in 1995 and 1996 and in addition to the scheduled maturities, \$980,000 and \$660,000 was retired in 1995 and 1996 respectively.

**NOTE 7: ACCRUED EXPENDITURES**

	<u>1996</u>	<u>1995</u>
Accrued expenditures consist of the following:		
Accrued interest	\$ 660,888	\$112,501
Other accrued expenditures	4,261	8,053
<b>Total</b>	<b>\$104,120</b>	<b>\$122,114</b>

**NOTE 8: COMPENSATION OF BOARD MEMBERS**

During the years ended March 31, 1996 and 1995, no per diems were paid to the trustees of the Authority.

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

**TRUSTEES**

**IBERIA HOME MORTGAGE AUTHORITY**

New Iberia, Louisiana

We have audited the financial statements of the **IBERIA HOME MORTGAGE AUTHORITY** as of and for the year ended March 31, 1996, and have issued our report thereon dated July 30, 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.

In planning and performing our audit of the financial statements of **IBERIA HOME MORTGAGE AUTHORITY** for the year ended March 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 trustees of **IBERIA HOME MORTGAGE AUTHORITY** are 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 objective 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.

TRUSTEES  
IBERIA HOME MORTGAGE AUTHORITY  
Page 2

For the purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Treasury and Investing  
Cash Receipts  
Cash Disbursements

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 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 operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, and others within the organization and the Louisiana Legislature Auditor's office. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Temperton & Blanchard*

New Iberia, Louisiana  
July 30, 1999

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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

### TRUSTEES

#### IBERIA HOME MORTGAGE AUTHORITY

New Iberia, Louisiana

We have audited the financial statements of the **IBERIA HOME MORTGAGE AUTHORITY**, as of and for the year ended March 31, 1998, and have issued our report thereon dated July 30, 1998.

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.

Compliance with laws, regulations, and contracts applicable to the **IBERIA HOME MORTGAGE AUTHORITY** is the responsibility of management. As part of obtaining reasonable assurance about whether the general purpose 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 listed, 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 the audit committee, management, and the Louisiana Legislative Auditor's office. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

New Iberia, Louisiana  
July 30, 1998