



SHREVEPORT HOME MORTGAGE AUTHORITY
(a component unit of the City of Shreveport)

Financial Statements

Year Ended December 31, 1996
(with comparative totals for December 31, 1995)

(With Independent Auditor's Report Thereon)

under provisions of state law, this report is a public document. A copy of this report has been submitted to the Auditor, or reviewed, 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: 201 2 5 1997

201 2 5 1997

Independent Auditor's Report

The Board of Trustees
Shreveport Home Mortgage Authority
Shreveport, Louisiana

We have audited each of the accompanying combined balance sheets of the various funds of the Shreveport Home Mortgage Authority (a component unit of the City of Shreveport) as of December 31, 1996, and each of the related combined statements of revenue, expenses, and changes in retained earnings and cash flows for the year then ended. These combined component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined component unit 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 combined component unit financial statements referred to above present fairly, in all material respects, the financial position of each of the various funds of the Shreveport Home Mortgage Authority at December 31, 1996, and the results of their operations and their 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 February 17, 1997, on our consideration of the Shreveport Home Mortgage Authority's internal control structure and a report dated February 17, 1997, on its compliance with laws and regulations.

KPMG Peat Marwick LLP

February 13, 1997

PROPERTY AND INVESTMENT ASSETS
 Components of the FV of Borrowings

Detailed Balance Sheet

December 31, 1999

with comparison with the December 31, 1998

	1999 Cash Assets (Included)			1999 Loans (Included)			1999 Loan Commitments		
	Balance	Change	Total	Balance	Change	Total	Balance	Change	Total
Assets									
Cash and cash equivalents (Note 2)	\$ 1,100	\$ 1,000	\$ 2,100	\$ 4,300	\$ 4,300	\$ 8,600	\$ 8,600	\$ 8,600	\$ 8,600
Prepaid expenses, deposits, receivables	—	—	—	—	—	—	—	—	—
Investments in equity securities (Note 2)	18,700	18,700	37,400	—	—	—	—	—	—
Investments in debt securities (Note 2)	1,240,000	4,200	1,244,200	—	—	—	—	—	—
Other assets	20,000	—	20,000	—	—	—	—	—	—
Allowance for credit losses (Note 2)	(10,000)	(10,000)	(20,000)	(10,000)	(10,000)	(20,000)	(10,000)	(10,000)	(20,000)
Total assets	\$ 1,398,000	\$ 1,398,000	\$ 2,796,000	\$ 4,290,000	\$ 4,290,000	\$ 8,580,000	\$ 8,580,000	\$ 8,580,000	\$ 8,580,000
Liabilities									
Accounts payable (Note 2)	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000
Other liabilities	—	—	—	—	—	—	—	—	—
Total liabilities	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000	\$ 1,200,000	\$ 1,200,000	\$ 2,400,000
Equity									
Retained earnings (Note 2)	\$ 198,000	\$ 198,000	\$ 396,000	\$ 3,090,000	\$ 3,090,000	\$ 6,180,000	\$ 3,090,000	\$ 3,090,000	\$ 6,180,000
Total equity	\$ 198,000	\$ 198,000	\$ 396,000	\$ 3,090,000	\$ 3,090,000	\$ 6,180,000	\$ 3,090,000	\$ 3,090,000	\$ 6,180,000

(Continued)

INTERNATIONAL BRISBANE UNIVERSITY
 A member unit of City of Brisbane

Consolidated Balance Sheet - Continued

	2008	2007	2006
ASSETS			
Current receivables (note 4)	1,041,811	1,073,720	1,073,720
Prepayments, receivables and due to	20,775,584	14,263,120	14,263,120
Non-current receivables (note 5)	4,472,000	4,272,000	4,272,000
Investment in associates	1,000,000	1,000,000	1,000,000
Prepaid expenses	1,000,000	1,000,000	1,000,000
Other assets	11,200,000	11,200,000	11,200,000
Intangible assets (note 6)	10,000,000	10,000,000	10,000,000
Total assets	38,489,400	32,809,840	32,809,840
LIABILITIES AND EQUITY			
Equity			
Share capital, 100,000,000 shares	10,000,000	10,000,000	10,000,000
Reserves	28,489,400	22,809,840	22,809,840
Total liabilities and equity	38,489,400	32,809,840	32,809,840

For company only see consolidated accounts

FOOTNOTES TO FINANCIAL STATEMENTS
 to accompany the 1985-86 Annual Report
 Combined Statements of Cash Flows (Continued)

	1985-86 Cash Flows			1984-85 Cash Flows		
	Operating	Investing	Financing	Operating	Investing	Financing
Operating activities:						
Net income	1,000,000	—	—	1,000,000	—	—
Depreciation and amortization	200,000	—	—	200,000	—	—
Provision for doubtful accounts	—	—	—	—	—	—
Change in allowance for doubtful accounts	—	—	—	—	—	—
Change in accounts receivable	—	—	—	—	—	—
Change in accounts payable	—	—	—	—	—	—
Change in accrued liabilities	—	—	—	—	—	—
Change in deferred income taxes	—	—	—	—	—	—
Change in other assets and liabilities	—	—	—	—	—	—
Net cash provided by operating activities	1,200,000	—	—	1,200,000	—	—
Investing activities:						
Acquisition of property, plant and equipment	(1,000,000)	(1,000,000)	—	(1,000,000)	(1,000,000)	—
Acquisition of investments	—	—	—	—	—	—
Disposal of investments	—	—	—	—	—	—
Disposal of property, plant and equipment	—	—	—	—	—	—
Disposal of other assets and liabilities	—	—	—	—	—	—
Net cash used in investing activities	(1,000,000)	(1,000,000)	—	(1,000,000)	(1,000,000)	—
Financing activities:						
Proceeds from the sale of common stock	—	—	1,000,000	—	—	1,000,000
Proceeds from the sale of preferred stock	—	—	—	—	—	—
Proceeds from the sale of bonds	—	—	—	—	—	—
Proceeds from the sale of other securities	—	—	—	—	—	—
Proceeds from the sale of other assets and liabilities	—	—	—	—	—	—
Net cash provided by financing activities	—	—	1,000,000	—	—	1,000,000
Net change in cash and cash equivalents	200,000	—	1,000,000	200,000	—	1,000,000
Cash and cash equivalents at beginning of year	—	—	—	—	—	—
Cash and cash equivalents at end of year	200,000	—	1,000,000	200,000	—	1,000,000

Continued

SHREVEPORT HOME MORTGAGE AUTHORITY
(a component unit of the City of Shreveport)

Notes to Combined Financial Statements

December 31, 1986

(1) Summary of Accounting Policies

Organization — The Shreveport Home Mortgage Authority (the "Authority") is a tax exempt public trust, created pursuant to the Constitution and laws of the State of Louisiana, particularly Chapter 2-A of Title 9 of the Louisiana Revised Statutes of 1950, as amended, and the Trust Indenture, dated October 24, 1978, with the City of Shreveport, Louisiana, as beneficiary. The Authority can transfer excess cash to the City of Shreveport. Pursuant to the Trust Indenture, the Authority is authorized to undertake various programs to assist in the financing of housing for persons of low to moderate income in the City of Shreveport. The Authority is a component unit of the City of Shreveport.

The Authority began operations on September 14, 1978, and has since been involved in numerous bond issues ("issues") with the following issues still outstanding:

Date	Issue Name	Amount
November 20, 1984	Single Family Mortgage Revenue Bonds (1984 issue)	\$ 11,250,000
July 28, 1988	Collateralized Mortgage Refunding Bonds (1988 issue)	60,111,137
March 14, 1985	Multi-Family Housing Revenue Refunding Bonds (1985 issue)	4,433,000
December 7, 1985	Single Family Mortgage Revenue Refunding Bonds (1985 issue)	9,450,000

Bonds and other obligations issued under the provisions of the Trust Indenture are not a debt or liability of the State of Louisiana, the City of Shreveport, or any political subdivision.

Basic of Presentation — The accounts of the Authority are organized on the basis of funds by issue, 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 earnings, revenues, and expenses. Amounts in the "Total All Issues (Miscellaneous City)" columns of the combined financial statements represent a summation of the combined financial statement line items of the funds and are presented for analytical purposes only. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. The following fund types are utilized by the Authority:

(Continued)

SHREVEPORT HOME MORTGAGE AUTHORITY
(a component unit of the City of Shreveport)

Notes to Combined Financial Statements

Mortgage Purchase Program Funds — These funds are used to account for the proceeds from mortgage revenue bonds, the debt service requirements of the bonds, and the related mortgage loans for housing in the City of Shreveport.

Operating Funds — These funds are the general operating funds of the Authority. All income and expenses not directly attributable to the Mortgage Purchase Program Funds are accounted for in these funds.

Bond Fund — In the 1995 Multi-Family Refunding Issue, the Bond Fund is used to account for the proceeds from the sale of the bonds, principal and interest payments on the note receivable, and the debt service on the bonds.

Operating Account — The Operating Account represents funds owned by the Authority not associated with an individual issue. The primary source of these funds is the semiannual issuer's fee paid by certain loans to the Authority, transfers of excess funds in the 1988 issue, and interest on loans received in the refunding of the 1979 issue and investment income. Payments from this account are made to cover expenses of the Authority not provided for under any of the various bond indentures.

Interest earned on the investments and mortgage loans in the Mortgage Purchase Program Funds is initially accounted for in these funds. The interest is then transferred to the respective Operating Fund when collected. To the extent monies are not available from the principal payments received on the mortgage loans, the Operating Funds transfer monies to the Mortgage Purchase Program Funds in amounts sufficient to pay all interest and principal on the outstanding bonds.

Basis of Accounting — The Authority uses the accrual method of accounting whereby expenses are recognized when the liability is incurred, and revenues are recognized when earned. All funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Fund operating statements present increases (revenues) and decreases (payments) in net total assets. The Authority applies all applicable Governmental Accounting Standards Board (GASB) pronouncements in accounting and reporting for its proprietary operations as well as the following pronouncements issued on or before November 30, 1989: Financial Accounting Standards Board Statements and Interpretations, APB opinions, and APBS (unless these pronouncements conflict with or contradict GASB pronouncements).

Investment Securities — Investment securities are recorded at cost, adjusted for any discount or premium amortized to maturity. The securities are not valued at lower of cost or market because it is the Authority's intention to hold the securities to maturity. Gains or losses on the sale of investment securities are based upon the adjusted cost of the specific security sold.

(Continued)

SHERBORNE HOME MORTGAGE AUTHORITY
(a component unit of the City of Sherborn)

Notes to Combined Financial Statements

Comparative Total Data — Comparative total data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Authority's financial position and operations and are not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles. However, comparative data (i.e., presentation of prior year totals by fund type) have not been presented in each issue, since their inclusion would make the statements unduly complex and difficult to read. Certain amounts relating to 1995 have been reclassified in the accompanying financial statements to conform with 1996 presentations.

Bond Issuance Costs and Bond Discount — Costs related to issuing bonds are capitalized. Bonds are presented net of discounts related to the sale of bonds. Bond costs and discounts are amortized on the interest method over the term of the bonds. The bond issuance cost for the 1985 Multi-Family Issue were paid by the owner of the property; therefore, in 1995 the receipt of funds were shown as a receipt and the payment of the issuance cost was expensed.

Mortgage Loan Discount — Discounts on the 1984 and 1988 mortgage loans are amortized on the interest method over the terms of the loans.

Provisions for Loan Losses — Provisions for losses on loans and accrued interest are charged to earnings when it is determined that the investment in applicable assets is greater than their estimated net realizable value. At December 31, 1996, estimated losses on loans were not material.

Cash and Cash Equivalents — For purposes of the statement of cash flows, cash and cash equivalents are defined as being cash in bank deposit accounts and short-term investments with an original maturity of ninety days or less. Investments in guaranteed investment contracts and U.S. government securities are excluded from cash and cash equivalents although such investments may mature within ninety days of their purchase.

(2) Mortgage Loans Receivable

Mortgage loans for the 1984 Issue, 1988 Issue, and the Operating Account are collateralized by first liens on single family residential property. The mortgage loans have an aggregate effective interest rate to the Authority of 9.637% for the 1984 Issue, 10.62% for the 1984 Issue, and 7.00% for the mortgage loans held in the Operating Account. Mortgage loans for the 1995 Issue (Single Family - Refunding) represent mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single family residences.

The 1988 Issue mortgage loans have a face value of \$20,180,689 which is reduced by unamortized discount of \$2,417,791 at December 31, 1996.

(Continued)

SHERBROOK HOME MORTGAGE AUTHORITY
 (a component unit of the City of Sherbrooke)

Notes to Combined Financial Statements

All loans purchased by the Authority under the 1988 Issue and the Operating Account are required to be insured by FMA or guaranteed by VA. Additionally, each mortgage loan in these issues are insured under master policies of supplemental mortgage insurance obtained from Mortgage Guaranty Insurance Corporation. These master policies insure, subject to certain conditions, each mortgage loan owned by the Authority against losses not otherwise insured, to a maximum of 10% of the aggregate initial principal balance of all mortgage loans originated. The conventional loans under the 1984 Single Family Issue are insured under master policies of mortgage pool insurance obtained from GE Capital Mortgage Insurance Corporation to a maximum of 15% of the aggregate initial principal balances of the loans, as well as being fully insured with various approved private mortgage insurers for the unamortized principal balance of the loan and accrued and unpaid interest.

As the principal and interest payments on the GNMA certificates of the 1995 Issue (Single Family - Refunding) are fully guaranteed by the United States government, the Authority is not responsible for mortgage loan insurance for the mortgage loans in the 1995 Issue (Single Family - Refunding). The carrying and market values of the 1995 Issue (Single Family - Refunding) GNMA certificates at December 31, 1998 were \$1,105,113 and \$1,083,927, respectively.

(3) Note Receivable

The note receivable is a \$4,435,000 note in the 1985 Multi-Family Refunding Issue due from an investor maturing September 1, 2025. The note receivable bears interest at a fixed rate of 8.25% on \$75,000 of the note and 6.4% on the remaining \$4,360,000. The note is collateralized by land, buildings, and fixtures of the investor. The bonds payable in the 1985-A Multi-Family Refunding Issue are not a general obligation debt or liability of the Authority. Security for the bonds is the note receivable. In addition, a policy of indemnity is in place to cover nonpayment of the bonds in the event of default by the investor. Because the bonds are not a general obligation of the Authority, failure to collect all of the note would ultimately lead to a corresponding reduction in amounts paid to the bondholders. Therefore, no provision has been made to record an allowance for doubtful accounts.

(4) Cash and Cash Equivalents and Investment Securities

Investments, including cash equivalents, are made in such securities as specifically called for under terms of the Trust indentures; these include variable rate notes, U.S. Treasury bonds, U.S. Treasury bills, U.S. government agencies, certificates of deposit, and investment agreements.

(Continued)

SHEEPSKIP HOME MORTGAGE AUTHORITY
(a component unit of the City of Sheepsport)

Notes to Combined Financial Statements

Cash and cash equivalents include the following at December 31, 1996:

Panagon Treasury Money Market Trust Fund:	
1984 Issue (Single Family)	\$ 147,223
1988 Issue (Refunding)	447,286
Depositing Account	<u>695,830</u>
	<u>1,290,339</u>
Trust Account Cash:	
1984 Issue (Single Family)	1,250
1988 Issue (Refunding)	6,844
1993 Issue (Single Family - Refunding)	<u>12,000</u>
	<u>20,094</u>
First Funds U.S. Treasury Mutual Fund -	
1993 Issue (Multi-Family - Refunding)	<u>323,562</u>
Total cash and cash equivalents	\$ <u>1,634,015</u>

The above cash equivalents are not insured or collateralized and are therefore considered to be in credit risk category 3 as defined by Governmental Accounting Standards Board Statement Number 3.

Investment securities are as follows:

	Carrying Amount	Market Value
1984 Issue (Single Family) - Bank One, Milbank Investment Agreements	\$ 56,283	56,283
1995 Issue (Single Family - Refunding) - Bayerische Landesbank Investment Agreements	<u>8,432,542</u>	<u>8,432,542</u>
	\$ <u>8,488,825</u>	<u>8,488,825</u>

The Authority's investments are categorized to give an indication of the level of risk assumed by the Authority at year end. All investments are Category 2 investments. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or subcustodian agent in the Authority's name.

(Continued)

SHREVEPORT HOME MORTGAGE AUTHORITY
 (a component unit of the City of Shreveport)

Notes to Combined Financial Statements

(8) Bonds Payable

Bonds payable at December 31, 1996, consist of:

1995 Issue (Single Family - Refunding) — Single Family Mortgage Revenue Refunding Bonds, 1995A dated December 1, 1995 — \$1,365,000 Current Interest Bonds due serially each August 1, 1998 until 2006, at interest rates of 4.25% to 5.2%; \$6,613,000 Term Bonds due August 2018 at 6.0% interest; \$1,450,000 Term Bonds due August 1, 2013, at 5.2% interest	\$ <u>9,428,000</u>
1995 Issue (Multi-Family - Refunding) — Multi-Family Housing Revenue Refunding Bonds, Series 1995A dated March 14, 1995 — \$4,360,000 Current Interest Bonds due September 1, 2023, at an initial interest rate of 6.4% until the Initial Adjustment Date (March 1, 2000); \$75,000 Series 1995B Taxable Current Interest Bonds dated March 04, 1995, due September 1, 1998, at 8.45% interest	\$ <u>4,435,000</u>
1988 Issue (Refunding) — Taxable Collateralized Mortgage Refunding Bonds, Series 1988-A dated July 1, 1988, due in monthly installments of approximately \$239,000 (including interest (based on the payments of the mortgage loan pool collateralizing the Issue) at an interest rate of 8.8%	\$ 20,051,814
Unaccrued discount	(2,458,943)
	\$ <u>17,592,871</u>
1984 Issue (Single Family) — Single Family Mortgage Revenue Bonds, 1984 Series A dated November 1, 1984; \$1,468,282 Compound Interest Term Bonds due May 1, 2016, at an approximate yield of 11.25%	\$ 12,180,000
Unaccrued discount	(18,211,218)
	\$ <u>1,468,282</u>
	\$ <u>32,975,153</u>

(Continued)

SHREVEPORT HOME MORTGAGE AUTHORITY
(a component unit of the City of Shreveport)

Notes to Combined Financial Statements

A summary of scheduled bond maturities and interest follows:

	(Amounts in \$thous.)												
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Bond													
2007													
2008													
2009													
2010													
2011													
2012													
2013													
2014													
2015													
2016													
2017													
2018													
Interest													
2007													
2008													
2009													
2010													
2011													
2012													
2013													
2014													
2015													
2016													
2017													
2018													
Total													
Principal													
Interest													
Total													

The 1995 Issue (Multi-Family - Refunding) may be redeemed in whole or in part on or after December 1, 2005, upon notice, at a redemption price beginning at 103% and subsequently declining to par. The 1999 Issue (Single Family - Refunding) may be redeemed, in whole or part, at par, after March 1, 2006. Certain mandatory redemption provisions are described in the Bond Indentures which require redemption at a price equal to the principal and accrued interest to the redemption date. For the 1994 Issue, there are no optional redemption features.

Payments of principal on the 1988 Issue are based on payments of the mortgage pool collateralizing the Issue. Prepayments of these mortgage loans are used to prepay principal on the 1988 Issue. Additionally, the bonds are subject to redemption at the option of the bondholder on thirty days' notification to the Authority. The redemption value would be the lesser of the then outstanding principal and interest on the bonds at the fair market value of the mortgage loans. The Trustee is authorized to act at the direction of the bondholder to sell the mortgage loans on the redemption date.

The bonds in the 1988, 1984, and 1995 (Single Family - Refunding) Issues are collateralized by and payable from the income, revenues, and receipts derived by the Authority from the mortgage loans and the funds and accounts held under or pledged to the Authority pursuant to the Trust Indentures. The bonds in the 1995 (Multi-Family - Refunding) Issue are collateralized by the revenues and other amounts derived by the

(Continued)

SHREVEPORT HOME MORTGAGE AUTHORITY
 (a component unit of the City of Shreveport)

Notes to Certified Financial Statements

Assurity from the note receivable and the funds and accounts established under the Trust Indenture. A credit enhancer is also contained in the Trust Indenture that guarantees that no loss will be incurred on the sale of the property should a default occur on the debt being serviced by the investor.

There are a number of limitations and restrictions contained in the various bond indentures. The Authority is in compliance with all significant limitations and restrictions.

On March 14, 1993, the Authority issued \$4,435,000 in bonds, the 1993 Issue (Multi-Family - Refunding), to advance refund the \$4,380,000 1983-84 Issue bearing interest at 6-7/8%, and pay part of the issuance costs of the new bonds. At December 31, 1996, the principal outstanding on the refunded bonds was \$4,360,000.

On December 20, 1995, the Authority issued \$9,050,000 in bonds, the 1995 Issue (Single Family - Refunding), to reduce the outstanding balance of the 1985 Issue (Single Family) and provide funds for new mortgage loan programs. The new bonds bear interest at the rate of 4.25% to 6%. Net proceeds in the amount of \$1,477,821 of the new bonds were used to purchase U.S. government securities, which were deposited with the Trustee to redeem the 1985 Issue in January of 1996. The 1985 Issue was redeemed on January 25, 1996, and is therefore no longer reflected as an indebtedness of the Authority in the December 31, 1996, financial statements.

The 1979 Issue bonds are considered delinquent and have been removed from the Authority's financial statements. At December 31, 1996, \$42,565,000 of bonds in the 1979 Issue are still outstanding.

(6) Restricted Assets

Substantially all amounts reflected in the combined balance sheet represent assets in cash accounts or funds designated under the Trust Indenture for each issue to be invested under held for subsequent disbursement in such manner and at such time as specifically defined in the respective Trust Indenture.

All of the assets of the Mortgage Purchase Program Funds are restricted by, and the use thereof is governed by, the Trust Indentures.

(Continued)

STARVEPORT HOME MORTGAGE AUTHORITY
 (a component unit of the City of Starveport)

Notes to Combined Financial Statements

The balance at December 31, 1996, of the restricted assets of each fund or account established under the respective Trust Indenture and a reconciliation to total assets by issue is as follows:

1975 Issue (Single Family - Refunding)	
Mortgage loan account	\$ 1,117,133
Accrued interest receivable	187,780
Investments	<u>8,346,369</u>
Total assets in restricted funds	9,651,282
Less interfund payables	<u>(122,341)</u>
Total restricted assets	9,435,943
Bond issuance costs, net	<u>218,435</u>
Total assets	\$ <u>9,674,378</u>
1976 Issue (Multi-Family - Refunding)	
Total assets, all restricted	\$ <u>4,768,978</u>
1988 Issue (Refunding)	
Mortgage loan account	\$ 17,866,888
Reserve funds	<u>428,183</u>
Total assets in restricted funds	18,295,071
Less interfund payables	<u>(771,668)</u>
Total restricted assets	17,523,403
Bond issuance costs, net	<u>128,289</u>
Total assets	\$ <u>17,651,692</u>
1984 Issue (Single Family)	
Mortgage loan account	\$ 1,541,608
Reserve fund	<u>28,732</u>
Total assets in restricted funds	1,570,340
Less interfund payables	<u>(102,048)</u>
Total restricted assets	\$ <u>1,468,292</u>

(Continued)

SHERVEPORT HOME MORTGAGE AUTHORITY
(a component unit of the City of Shreveport)

Notes to Combined Financial Statements

(7) Commitments

Under the terms of the applicable Trust Agreements, the Authority is required to redeem bonds prior to maturity when balances in certain funds exceed specified levels. The 1988 issue is redeemable, as described in note 5, based on mortgage prepayments or at the option of the bondholders.

KPMG Peat Marwick LLP

1000 Commonwealth Boulevard
800 Texas Street
Shreveport, LA 71201-3800

INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Shreveport Home Mortgage Authority
Shreveport, Louisiana

We have audited each of the combined balance sheets of the various funds of the Shreveport Home Mortgage Authority (the "Authority"), a component unit of the City of Shreveport, as of December 31, 1996, and each of the related combined statements of revenue, expenses, and changes in retained earnings and cash flows for the year then ended, and have issued our report thereon dated February 17, 1997.

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 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 recorded 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.

In planning and performing our audit of the financial statements of the Authority for the year ended December 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 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 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 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 and 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 raised 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 your information, management, and the State of Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

KPMG Peat Marwick LLP

February 17, 1997

3000 Commercial National Tower
550 Texas Street
Shreveport, LA 71201-3660

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

The Board of Trustees
Shreveport Home Mortgage Authority
Shreveport, Louisiana

We have audited each of the combined balance sheets of the various funds of the Shreveport Home Mortgage Authority (the "Authority"), a component unit of the City of Shreveport, as of December 31, 1996, and each of the related combined statements of revenues, expenses, and changes in retained earnings and cash flows for the year then ended, and have issued our report thereon dated February 17, 1997.

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, contracts, and grants 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, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests of compliance disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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

KPMG Peat Marwick LLP

February 17, 1997

