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PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY
Jefferson Parish, Louisiana

Financial Statements and Schedules

December 31, 1996 and 1995

With Independent Auditors' Report Thereon

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 4-2-97

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

Independent Auditors' Report

The Board of Trustees
Parish of Jefferson Home Mortgage Authority:

We have audited the balance sheets of the Parish of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of December 31, 1996 and 1995, and the related statements of revenues, expenses and changes in retained earnings and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Parish of Jefferson Home Mortgage Authority as of December 31, 1996 and 1995, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated January 27, 1997, on our consideration of the Authority's internal control structure and a report dated January 27, 1997, on its compliance with laws and regulations.

KPMG Peat Marwick LLP

January 27, 1997

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Balance Sheets
(in thousands)

December 31, 1996 and 1995

Assets	1996	1995
Cash and cash equivalents (notes 2 and 6)	$ 1,761	2,380
Investment securities (notes 2 and 6)	28,463	22,647
Mortgage loans receivable (note 3)	166,128	173,004
Real estate owned (note 1(i))	137	56
Accrued interest receivable	1,426	1,435
Bond issuance costs, net (note 1(f))	3,679	3,810
Prepaid insurance	22	62
Other assets	25	14
	$ 201,641	203,408
Liabilities and Retained Earnings		
Liabilities:		
Bonds payable, net (notes 1(g), 4 and 7)	183,965	185,438
Accrued interest payable	3,957	4,159
Deferred liabilities (note 5)	136	141
Other liabilities	4	17
Total liabilities	188,062	189,755
Retained earnings (notes 6 and 8):		
Unreserved	2,641	2,657
Reserved	10,938	10,996
Total retained earnings	13,579	13,653
	$ 201,641	203,408

See accompanying notes to financial statements.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Statements of Revenues, Expenses and Changes in Retained Earnings (in thousands)

For the years ended December 31, 1996 and 1995

	1996	1995
Operating revenues:		
Interest on mortgage loans	$ 13,733	14,255
Interest on investments	1,433	1,699
Commitment fees	6	6
Total operating revenues	15,172	15,960
Operating expenses:		
Interest on bonds (note 1(g))	13,354	14,190
Amortization of bond issuance costs and other costs (note 1(f))	703	661
Servicing fees	776	794
Bond insurance costs	67	83
Mortgage loan insurance costs	13	19
Trustee fees	116	92
Other operating expenses	217	331
Total operating expenses	15,246	16,170
Net loss	(74)	(210)
Retained earnings at beginning of year	13,653	13,863
Retained earnings at end of year	$ 13,579	13,653

See accompanying notes to financial statements.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Statements of Cash Flows
(in thousands)

For the years ended December 31, 1996 and 1995

	1996	1995
Cash flows from operating activities:		
Cash receipts for:		
Interest on mortgage loans	$ 13,868	14,340
Interest on investments	1,377	1,624
Cash payments for:		
Interest on bonds	(13,536)	(13,957)
Servicing fees	(776)	(794)
Insurance	(38)	(81)
Other operating expenses	(351)	(368)
Net cash provided by operating activities	544	764
Cash flows from capital financing activities - purchase of other assets	(9)	-
Cash flows from noncapital financing activities:		
Bonds redeemed	(20,174)	(17,609)
Bond proceeds	18,425	12,500
Bond issuance costs	(309)	(371)
Net cash used in noncapital financing activities	(2,058)	(5,480)
Cash flows from investing activities:		
Proceeds from sale of investments	13,265	18,636
Acquisition of investments	(19,081)	(15,752)
Acquisition of mortgage loans	(11,986)	(13,676)
Principal receipts from mortgage loans	18,783	15,019
Proceeds from real estate owned	(77)	59
Net cash provided by investing activities	904	4,286
Net decrease in cash and cash equivalents	(619)	(430)
Cash and cash equivalents at beginning of year	2,380	2,810
Cash and cash equivalents at end of year	$ 1,761	2,380

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Statements of Cash Flows, Continued
(in thousands)

	1996	1995
Reconciliation of net loss to net cash provided by operating activities:		
Net loss	$ (74)	(210)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Amortization of bond issuance and other costs	703	661
Changes in assets and liabilities:		
(Increase) decrease in accrued interest receivable	6	(1)
Decrease in prepaid insurance	40	20
(Increase) decrease in real estate owned related receivable	(2)	29
Decrease in other assets	119	55
Decrease in other liabilities	(41)	(19)
Increase (decrease) in accrued interest payable	(202)	213
Increase (decrease) in deferred liabilities	(5)	16
Net cash provided by operating activities	$ 544	764

See accompanying notes to financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Authorizing Legislation

The Parish of Jefferson Home Mortgage Authority (the Authority) is a public trust, created pursuant to the Constitution and Laws of the State of Louisiana, particularly Chapter 2-A of Title 9 of Louisiana Revised Statutes of 1950, as amended, and the Trust Indenture, dated February 9, 1979, with Jefferson Parish, Louisiana as beneficiary. Pursuant to the Trust Indenture, the Authority is authorized to undertake various programs to assist in the financing and development of home ownership in the public interest within the boundaries of Jefferson Parish, Louisiana.

The Authority has the power to designate its management, the ability to significantly influence its operations and primary accountability for its fiscal matters. However, the Council of the Parish of Jefferson has the ability to remove members of the Authority's Board at will. Consequently, the financial statements of the Authority are included as a component unit of the Parish of Jefferson, Louisiana. This report includes all of the funds of the Authority.

The Authority began operations on August 1, 1979 and currently has separate bond programs as shown with original issuance amounts below:

Date	Issue name	Amount (in thousands)
September 1, 1982	Single Family Mortgage Revenue Bonds, Series 1982 (1982 Program)	$ 19,175
September 1, 1984	Single Family Mortgage Revenue Bonds, Series 1984 (1984 Program)	$ 31,750
May 1, 1985	Single Family Mortgage Revenue Bonds (except Compound Bonds, Series 1985 interest bonds dated May 21, 1985) (1985 Program) Partially defeased in 1994	$ 26,000
October 18, 1994	Taxable Compound Interest Bonds, Series 1994 (Refunded/defeased 1985/1994R Program)	$ 26,250
August 24, 1987	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1987A (1987 Program)	$ 38,600

(Continued)

Date	Issue name	Amount (in thousands)
October 1, 1988	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1988A (1988 Program)	$ 50,000
June 1, 1989	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1989A (1989 Program)	$ 50,000
September 1, 1990	GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1990A (1990 Program)	$ 25,000
December 20, 1991	Collateralized Mortgage Obligations, Series 1991A (1991 Program)	$ 59,485
December 1, 1993	Single Family Mortgage Revenue Bonds, Series 1993A and 1993B (Refunding) - (1993 Program)	$ 28,350
November 30, 1994	Tax-Exempt Agency Mortgage-Backed Securities, Series 1994A (1994 Program)	$ 11,835
August 29, 1995	Tax-Exempt Agency Mortgage-Backed Securities, Series 1995A (1995 Program)	$ 12,500
November 26, 1996	Tax-Exempt Agency Mortgage-Backed Securities, Series 1996A (1996 Program)	$ 18,425

The 1985 Program was partially defeased in 1994; refunded 1985 bonds were issued in conjunction with the defeasance. Consequently, the 1985 Program title has been changed to 1985/1994R Program.

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

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 bond programs it initiates. In connection with the programs, the Authority utilizes area financial institutions to originate and service the mortgage notes acquired. In addition, a local area bank has been designated as trustee of the individual bond programs and has the fiduciary responsibility for the custody and investment of funds.

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

(b) Basis of Presentation - Fund Accounting

The accounts of the Authority are organized on the basis of individual programs. The programs, which are administered by a trustee bank, provide for a separate set of self-balancing accounts which account for bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses. These individual programs are aggregated in the financial statements to comprise the fund of the Authority.

(c) Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial treatment applied to the fund of the Authority is the accrual basis of accounting and the flow of economic resources measurement focus. Under this method, revenues are recognized when they are earned, and expenses are recognized when incurred. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict with or contradict GASB pronouncements.

(d) Cash Equivalents

Cash equivalents consist of all money market accounts and highly-liquid investments with a maturity of three months or less at date of purchase.

(e) Investment Securities

Investment securities are recorded at cost, adjusted for any discount accreted or premium amortized. The investment securities are restricted for the use of the respective programs with the exception of the investment securities in the 1991 CMO Residual Account, which are unrestricted.

(f) Bond Issuance Costs

Costs related to issuing bonds are capitalized and amortized based upon the methods used to approximate the interest method over the term of the bonds.

(g) Refinancing Gains (Losses)

Beginning with fiscal years 1993 and thereafter, gains and losses associated with refundings and advance refundings are being deferred and amortized as a component of interest expense based upon the methods used to approximate the interest method over the term of the new bonds or the remaining term on any refunded bond, whichever is shorter. The new debt is reported net of the deferred amount on the refunding. The deferred amounts are disclosed in note 4.

(Continued)

(h) Commitment Fees

The Authority receives commitment fees from lenders for designating certain funds for the purchase of mortgage loans originated by the lenders. These nonrefundable fees are deferred, and if the commitment is exercised, recognized over the life of the loan as an adjustment of yield or if the commitment expires unexercised, recognized in income upon the expiration of the commitment.

(i) Real Estate Owned

Real estate owned, comprised of real estate acquired in partial settlement of loans, is recorded at the related unpaid loan principal balance at the time of foreclosure. Substantially all costs of maintaining real estate owned are reimbursed under various insurance coverages. The excess of the unpaid principal and accrued interest balances over sales proceeds realized is also reimbursed under various insurance coverages.

(j) Reclassification

Certain reclassifications have been made to the 1995 amounts to conform to the 1996 presentation.

(2) Cash, Cash Equivalents and Investment Securities

Cash deposits and cash equivalents of $1,761,000 and $2,380,000 at December 31, 1996 and 1995, respectively, are held in financial institutions. The December 31, 1996 balance is comprised of $47,637 in actual cash deposits which are insured by the Federal Depository Insurance Corporation (FDIC) for $47,637. The remaining December 31, 1996 balance is comprised of cash equivalents that are invested in money market funds, of which the underlying assets are guaranteed by the U.S. Government.

At December 31, 1996 and 1995, investments were held as specifically required under terms of the Trust Indentures. These investments include U.S. Treasury bills, U.S. Treasury notes, and guaranteed investment contracts.

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

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

The approximate carrying and market values of investment securities and their category classification at December 31 are as follows:

	1996			1995		
	Carrying value	Market value	Category	Carrying value	Market value	Category
	(in thousands)			(in thousands)		
U.S. Government Securities -						
1991 Program	$ 2,282	2,513	3	$ 2,067	2,342	3
Guaranteed Investment Contracts:						
1982 Program	12	12	-	16	16	-
1984 Program	921	921	-	869	869	-
1985/1994R Program	407	407	-	406	406	-
1988 Program	1,908	1,908	-	2,172	2,172	-
1989 Program	890	890	-	898	898	-
1990 Program	1,145	1,145	-	1,127	1,127	-
1991 Program	1,430	1,430	-	1,624	1,624	-
1993 Program	577	577	-	658	658	-
1994 Program	182	182	-	202	202	-
1995 Program	153	153	-	12,608	12,608	-
1996 Program	18,556	18,556	-	-	-	-
	$ 28,463	28,694		$ 22,647	22,922	

Collateral on the guaranteed investment contracts is not required unless the financial institution does not meet certain investment-rating requirements. Under the terms of the investment agreement, securities with a market value of $1,263,372 and $1,280,004 at December 31, 1996 and 1995, respectively, have been pledged as collateral for the 1990 Program.

Unrealized gross gains were $235,000 and $275,000 at December 31, 1996 and 1995, respectively. Unrealized gross losses were $4,000 at December 31, 1996. No unrealized losses existed at December 31, 1995.

(3) Mortgage Loans Receivable

Mortgage loans receivable for the 1982, 1984, 1985/1994R and 1991 Programs are secured by first liens on single family residential property. Mortgage loans for the 1987, 1988, 1989 and 1990 Programs represent fully-modified mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single family residences located within the Parish of Jefferson. Mortgage loan receivable for the 1993 program consists of the mortgage loan receivable remaining from the 1983 Program. The 1993 program also includes mortgage loans represented by fully modified mortgage pass-through certificates (GNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson. Mortgage loan receivable for the 1994, 1995 and 1996

(Continued)

programs represents mortgage pass-through certificates (GNMA and FNMA certificates) backed by certain qualifying mortgage loans for single-family residences located within the Parish of Jefferson. As the principal and interest payments on the 1987, 1988, 1989, 1990, the GNMA certificates of the 1993 loans and the GNMA certificates of the 1994 and 1995 loans are fully guaranteed by the United States government, the Authority is not responsible for mortgage loan insurance. The FNMA certificates of the 1994 and 1995 loans are fully guaranteed by the Federal National Mortgage Association, a federally chartered and stockholder-owned corporation. As of December 31, 1996, no loans have been made for the 1996 program.

In the 1982, 1984, 1985, 1991 and 1993 Programs, each mortgage loan purchased by the Authority is insured for mortgage default under various policies. Additionally, mortgage loans are insured under a master policy of supplemental mortgage insurance and under a master policy of special hazard insurance.

Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

The mortgage loans have stated interest rates to the Authority as follows:

1982 Program	12.990%
1984 Program	10.800%
1985/1994R Program	10.220%
1987 Program	9.125%
1988 Program	8.800%
1989 Program	8.500%
1990 Program	8.450%
1991 Program	7.625%
1993 Program-GNMA	5.900%
1993 Program-first lien	7.75%
1994 Program	7.990%
1995 Program	7.190%
1996 Program	6.73%

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.

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

The carrying and market values of GNMA certificates, their category classification, and mortgage loans receivable at amortized cost at December 31 are as follows:

	1996				
	Mortgage-backed securities			Mortgage loans receivable at	
	Carrying value	Market value	Category	amortized cost	Total cost
	(in thousands)				
GNMA Certificates:					
1982 Program	$ –	–	–	134	134
1984 Program	–	–	–	3,845	3,845
1985/1994R Program	–	–	–	3,213	3,213
1987 Program	14,298	14,940	1	–	14,298
1988 Program	24,987	25,835	1	–	24,987
1989 Program	29,548	30,369	1	–	29,548
1990 Program	13,639	13,938	1	–	13,639
1991 Program	–	–	–	30,340	30,340
1993 Program	18,648	18,647	–	5,548	24,196
1994 Program	8,291	8,402	1	–	8,291
1995 Program	10,277	10,320	1	–	10,277
	119,688	122,451		43,080	162,768
FNMA Certificates:					
1994 Program	1,776	1,794	1	–	1,776
1995 Program	1,584	1,590	1	–	1,584
	3,360	3,384		–	3,360
	$ 123,048	125,835		43,080	166,128

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

	1995				
	Mortgage-backed securities			Mortgage loans receivable at	
	Carrying value	Market value	Category	amortized cost	Total cost
	(in thousands)				
GNMA Certificates:					
1982 Program	$ -	-	-	129	129
1984 Program	-	-	-	5,000	5,000
1985/1994R Program	-	-	-	3,969	3,969
1987 Program	16,123	17,065	1	-	16,123
1988 Program	28,260	29,686	1	-	28,260
1989 Program	33,451	35,093	1	-	33,451
1990 Program	15,316	15,998	1	-	15,316
1991 Program	-	-	-	34,873	34,873
1993 Program	19,260	19,259	-	6,151	25,411
1994 Program	8,628	8,977	1	-	8,628
	121,038	126,078		50,122	171,160
FNMA Certificates:					
1994 Program	1,844	1,863	2	-	1,844
	$ 122,882	127,941		50,122	173,004

Unrealized gross gains on GNMA and FNMA certificates were $2,792,000 and $5,060,000 at December 31, 1996 and 1995, respectively. Unrealized gross losses on GNMA certificates were $5,000 and $1,000 at December 31, 1996 and 1995, respectively.

(4) Bonds Payable

Bonds payable are as follows at December 31:

	1996	1995
	(in thousands)	
Single Family Mortgage Revenue Bonds, Series 1982 dated September 1, 1982 - $5 due September 1, 2014 at 12.615%	$ 5	8
Single Family Mortgage Revenue Bonds, Series 1984 dated September 1, 1984 - $1,215 due serially from March 1, 1997 to September 1, 1999 at interest rates of 9.7% to 9.90%, and $578 due serially from March 1, 2000 to September 1, 2015 at interest rates of 10.50% to 11.00%.	1,793	2,713
Single Family Mortgage Revenue Bonds, Series 1985 dated May 1, 1985	-	594

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

	1996	1995
	(in thousands)	
Taxable Compound Interest Refunding 1985 Bonds, Series 1994 dated October 18, 1994 - $2,767 compounding interest at approximately 9.5% due May 1, 2017	$ 2,767	3,242
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1987A dated August 24, 1987 - $14,398 due August 1, 2019 at 8.595%	14,398	16,482
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1988A dated October 1, 1988 - $1,785 due serially from April 1, 1997 to October 1, 2000 at interest rates of 7.5% to 7.80%, $1,265 due April 1, 2012 at 7.875%, and $23,095 due April 1, 2020 at 8.30%	26,145	29,620
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1989A dated June 1, 1989 - $3,135 due serially from June 1, 1997 to December 1, 2003 at interest rates of 7.10% to 7.40%, $4,920 due December 1, 2009 at 7.65%, and $21,510 due December 1, 2021 at 7.875%	29,565	33,610
GNMA Collateralized Single Family Mortgage Revenue Bonds, Series 1990A dated September 1, 1990 - $1,560 due serially from March 1, 1997 to September 1, 2005 at interest rates of 6.9% to 7.50%, $555 due September 1, 2014 at 7.65%, $4,665 due March 1, 2019 at 7.875%, and $7,400 due September 1, 2023 at 8.10%	14,180	15,850
Collateralized Mortgage Obligations, Series 1991A dated December 20, 1991 - $29,640 (net of $1,731 in bond discount) due September 15, 2012 at interest rates of 6.35% to 6.90%, and $274 due September 15, 2012 at 8.29%	29,914	34,275
Single Family Mortgage Revenue Bonds, Series 1993A and Series 1993B dated December 1, 1993 - $4,965 due serially from June 1, 1997 to June 1, 2005 at interest rates of 4.25% to 5.45%, $11,108 (net of $67 in bond discount) due serially from June 1, 2014 to December 1, 2024 at 6.00%, $7,225 due June 1, 2013 at 4.50%, and $1,000 due December 1, 2013 at 6.00%	24,298	25,719

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

	1996	1995
	(in thousands)	
Tax-Exempt Agency Mortgage-Backed Securities, Series 1994A dated November 30, 1994 - $1,660 due December 1, 2008 at 6.75%, $3,145 due December 1, 2016 at 7.35%, and $5,495 due December 1, 2026 at 7.55%	$ 10,300	10,730
Tax-Exempt Agency Mortgage-Backed Securities, Series 1995A dated August 29, 1995 - $425 due December 1, 2001 at 4.85%, $2,100 due December 1, 2008 at 5.45%, $3,235 due December 1, 2016 at 5.90%, $2,000 due December 1, 2020 at 6.20%, and $4,300 due December 1, 2026 at 6.65%	12,060	12,500
Tax-Exempt Agency Mortgage-Backed Securities, Series 1996A dated November 26, 1996 - $18,425 with an initial interest rate of 3.75% repurchased on January 27, 1997 at which point $1,800 due June 1, 2006 at 5.25%, $1,750 due December 1, 2009 at 5.35%, $875 due December 1, 2011 at 5.45%, $6,000 due June 1, 2020 at 5.8% and $8,000 due June 1, 2028 at 6.15%	18,425	-
Total bonds payable	183,850	185,343
Deferred gain on the 1985 (1985 Program) advance refunding	280	308
Deferred loss on the 1983 (1993 Program) current refunding	(165)	(213)
	$ 183,965	185,438

The bonds in the 1982, 1984, 1985/1994R, 1991 and 1993 Programs are secured by an assignment and pledge of and security interest in: (i) all mortgage loans and the income therefrom (including all insurance proceeds with respect to the mortgage loans), (ii) the Authority's rights and interests in and to the agreement and (iii) all monies and securities held under the Trust Indentures, including monies in the funds and accounts created pursuant thereto (excluding certain monies representing excess investment earnings, if any, required to be remitted to the United States Government in accordance with the Trust Indentures).

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PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

Under the Trust Indentures, the Authority has the option to redeem bonds maturing on or after August 1, 1997 (1987 Program) at 103% of the then outstanding balance and subsequently lesser prices declining to par; October 1, 1998 (1988 Program) at 103% of the then outstanding balance and subsequently lesser prices declining to par; December 1, 2000 (1989 Program) at 103% of the then outstanding balance and subsequently lesser prices declining to par; September 1, 2000 (1990 Program) at 102% of the then outstanding balance and subsequently lesser prices declining to par; December 15, 2001 current interest bonds (1991 Program); December 1, 2003 (1993 Program) at 102% of the then outstanding balance and subsequently lesser prices declining to par. The Authority has no option to redeem bonds in the 1984, 1985/1994R and 1994 programs or the compound interest bonds in the 1991 Program.

The Authority is in compliance with its bond covenants.

A summary of scheduled bond maturities (in thousands) as of December 31, 1996 is as follows:

	1997	1998	1999	2000	2001	2002-2006	2007-2011	2012-2016	2017-2021	2022-2026	2027-2031	Less Dis-counts	Total
Principal:													
1982 Program	$ -	-	-	-	-	-	-	5	-	-	-	-	5
1984 Program	360	395	460	68	68	239	135	68	-	-	-	-	1,793
1985/1994R Program	-	-	-	-	-	-	-	-	2,767	-	-	-	2,767
1987 Program	-	-	-	-	-	-	-	-	14,398	-	-	-	14,398
1988 Program	427	445	477	518	66	421	619	11,190	11,982	-	-	-	26,145
1989 Program	395	400	430	460	486	3,151	5,084	7,749	11,410	-	-	-	29,565
1990 Program	170	160	165	165	170	774	282	2,111	6,563	3,620	-	-	14,180
1991 Program	-	-	-	-	-	-	-	31,645	-	-	-	1,731	29,914
1993 Program	515	535	560	575	590	3,522	4,556	4,717	5,010	3,785	-	67	24,298
1994 Program	-	-	-	-	-	-	1,660	3,145	-	5,495	-	-	10,300
1995 Program	-	-	-	-	425	-	2,100	3,235	2,000	4,300	-	-	12,060
1996 Program	-	-	-	-	-	1,800	2,625	-	6,000	-	8,000	-	18,425
Total	1,867	1,935	2,092	1,786	1,805	9,907	17,061	63,865	60,130	17,200	8,000	1,798	183,850
Interest:													
1982 Program	-	-	-	-	-	-	-	245	-	-	-	-	245
1984 Program	111	75	35	272	312	1,659	1,765	1,453	-	-	-	-	5,682
1985/1994R Program	-	-	-	-	-	-	-	-	19,643	-	-	-	19,643
1987 Program	1,238	1,238	1,238	1,238	1,238	6,185	6,185	6,189	3,714	-	-	-	28,463
1988 Program	2,145	2,112	2,078	2,040	2,009	9,955	9,756	7,868	2,070	-	-	-	40,033
1989 Program	2,291	2,263	2,234	2,202	2,167	10,239	8,713	6,268	2,614	-	-	-	38,991
1990 Program	1,119	1,108	1,096	1,085	1,073	5,169	4,984	4,757	3,041	373	-	-	23,805
1991 Program	2,155	2,155	2,155	2,155	2,155	10,775	10,776	3,381	-	-	-	-	35,707
1993 Program	1,297	1,274	1,249	1,222	1,194	5,474	4,537	3,355	1,998	407	-	-	22,007
1994 Program	758	758	758	758	758	3,791	3,455	3,230	2,074	2,074	-	-	18,414
1995 Program	736	736	736	736	736	3,576	3,232	3,004	1,926	1,430	-	-	16,848
1996 Program	1,044	1,076	1,076	1,076	1,076	5,379	4,719	4,200	3,852	2,460	984	-	26,942
Total due each year	12,894	12,795	12,655	12,784	12,718	62,202	58,122	43,950	40,932	6,744	984	-	276,780
Total due	$ 14,761	14,730	14,747	14,570	14,523	72,109	75,183	107,815	101,062	23,944	8,984	1,798	460,630

(Continued)

While the 1985/1994R and 1987 programs have no scheduled maturities until 2017 and 2019, respectively, principal and interest prepayments are made each year based on the amount of mortgage loan principal and interest payments received. Each of the other bond programs may have early bond calls based on the timing of mortgage loan principal and interest payments, as excess cost is accumulated, the Authority is required to issue bond calls.

The bonds in the 1987, 1988, 1989, 1990, 1994 and 1995 Programs are secured by an assignment and pledge of and security interest in: (i) all GNMA and/or FNMA Certificates and the income therefrom, (ii) the rights and interest of the Issuer in the Origination Agreements, the GNMA and/or FNMA Guaranty Agreement and the Servicing Agreement and (iii) all money and securities held under the Indenture except money and securities held in the Rebate Fund.

The principal balance on defeased bonds outstanding at December 31 are as follows:

	1996	1995
1979 Program (defeased by the 1991 Program)	$ 58,040,000	59,905,000
1985 Program (defeased by the 1994 "1985" Program)	$ 1,131,470	1,131,470

(5) Deferred Liabilities

As of December 31, 1996 and 1995, deferred liabilities consisted of $136,000 and $141,000, respectively, of deferred commitment fees related to the 1993 Program.

(6) Retained Earnings

Retained earnings is unreserved for the CMO Residual account within the 1991 Program. The unreserved funds within this account totaled $2,641,000 and are for the benefit of all Programs and available to the Authority for its purpose of promoting and providing residential housing in the Parish of Jefferson. Although unrestricted to a particular program, this unreserved retained earnings must be maintained by the Authority until all bonds and programs are liquidated. The remaining retained earnings is reserved for specific operating uses as described in the trust indentures.

(7) Creation of the 1995 and 1996 Programs

On August 29, 1995, the Authority issued $12,500,000 Tax-Exempt Agency Mortgage-Backed Securities, Series 1995A with an initial interest rate of 3.90%. These bonds were subject to mandatory tender to the Trustee on October 26, 1995, at which time the initial interest rate increased.

(Continued)

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Notes to Financial Statements

On this date, $865,000 will be due December 1, 2001 at 4.85%, $2,100,000 will be due at 5.45%, $3,235,000 will be due on December 1, 2016 at 5.9%, $2,000,000 will be due on December 1, 2020 at 6.2% and $4,300,000 will be due on December 1, 2026 at 6.65%. These bonds constitute the 1995 Program.

On November 26, 1996, the Authority issued $18,425,000 Tax-Exempt Agency Mortgage-Backed Securities, Series 1996A with an initial interest rate of 3.75%. These bonds are subject to mandatory tender to the Trustee on January 27, 1997, at which time the initial interest rate increases. On this date, $1,800,000 will be due June 1, 2006 at 5.25%, $1,750,000 will be due December 1, 2009 at 5.35%, $875,000 will be due December 1, 2011 at 5.45%, $6,000,000 will be due June 1, 2020 at 5.8%, and $8,000,000 will be due June 1, 2028 at 6.15%. These bonds constitute the 1996 program.

The 1996 bonds were issued to refund $3,300,000 of certain outstanding obligations of the Authority, (the Prior Bonds) and to finance the purchase of certain qualifying mortgage loans secured by the mortgages made to qualified individuals for single family residences located within the Parish of Jefferson, Louisiana. The Prior Bond refunding of $3,300,000 was comprised of $1,965,000 for the 1989 Program, $630,000 for the 1993 Program, $265,000 for the 1994 Program and $440,000 for the 1995 Program. On the date of delivery of the Bonds, the 1996 Program transferred $3,300,000 to refund the Prior Bonds. Upon receipt thereof, the Prior Bonds' programs transferred a like amount to the 1996 Program. Thus there is $18,425,000 available to purchase GNMA and FNMA Certificates for the 1996 Program. There was no economic gain or loss on the refunding.

(8) Commitments

At December 31, 1996 and 1995, the Authority was obligated under an operating lease for office space. The lease requires a minimum annual payment of $12,870 through 1997.

Schedule 1

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Schedule of Assets, Liabilities and Retained Earnings by Program
(in thousands)

December 31, 1996

Assets	1982 Program	1984 Program	1985/1994B Program	1987 Program	1988 Program	1989 Program	1990 Program	1991 Program	1993 Program	1994 Program	1995 Program	1996 Program	Total
Cash and cash equivalents	$ -	32	32	107	-	130	-	1,199	76	-	5	80	1,761
Investment securities	12	921	607	-	1,906	050	1,145	3,712	577	182	153	18,556	28,463
Mortgage loans receivable	134	3,845	3,213	14,298	24,987	29,548	13,639	30,340	24,196	10,067	11,861	-	166,128
Real estate owned	-	76	-	-	-	-	-	61	-	-	-	-	137
Accrued interest receivable	2	61	32	102	197	203	113	379	122	64	67	84	1,426
Bond issuance costs, net	-	18	116	162	435	478	270	1,065	359	223	244	309	3,679
Prepaid insurance	-	10	5	-	-	-	-	-	7	-	-	-	22
Other assets	-	-	-	-	-	-	-	25	-	-	-	-	25
	$ 148	5,003	3,785	14,749	27,527	31,249	15,167	36,781	25,337	10,536	12,330	19,029	201,641
Liabilities and Retained Earnings													
Liabilities:													
Bonds payable	5	1,793	3,047	14,398	26,145	29,565	14,180	29,914	24,133	10,300	12,060	18,425	183,965
Accrued interest payable	24	1,579	628	103	538	192	374	229	109	63	61	57	3,957
Deferred liabilities	-	-	-	-	-	-	-	-	136	-	-	-	136
Other liabilities	-	4	-	-	-	-	-	-	-	-	-	-	4
Total liabilities	29	3,376	3,675	14,501	26,683	29,757	14,554	30,143	24,378	10,363	12,121	18,482	188,062
Retained earnings:													
Unreserved	-	-	-	-	-	-	-	2,641	-	-	-	-	2,641
Reserved	119	1,627	110	248	844	1,492	613	3,997	959	173	209	547	10,938
Total retained earnings	119	1,627	110	248	844	1,492	613	6,638	959	173	209	547	13,579
	$ 148	5,003	3,785	14,749	27,527	31,249	15,167	36,781	25,337	10,536	12,330	19,029	201,641

See accompanying independent auditors' report.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Schedule of Revenues, Expenses and Changes in Retained Earnings by Program
(in thousands)

December 31, 1996

	1982 Program	1984 Program	1985/1994B Program	1987 Program	1988 Program	1989 Program	1990 Program	1991 Program	1993 Program	1994 Program	1995 Program	1996 Program	Total
Operating revenues:													
Interest on mortgage loans	$ 23	397	352	1,411	2,344	2,699	1,232	2,430	1,572	935	438	-	13,733
Interest on investments	1	88	46	9	162	173	72	346	54	26	372	84	1,433
Commitment fees	-	-	-	-	-	-	-	-	6	-	-	-	6
Total operating revenues	24	485	398	1,420	2,506	2,872	1,304	2,776	1,632	961	810	84	15,172
Operating expenses:													
Interest on bonds	4	388	339	1,306	2,297	2,506	1,171	2,361	1,391	778	755	57	13,354
Amortization of bond issuance costs and other costs	-	10	20	17	55	72	27	413	43	19	27	-	703
Servicing fees	-	13	9	76	133	157	72	121	114	51	30	-	776
Bond insurance costs	-	3	7	-	-	-	-	48	9	-	-	-	67
Mortgage loan insurance costs	-	11	2	-	-	-	-	-	-	-	-	-	13
Trustee fees	6	-	5	1	-	10	5	72	11	3	3	-	116
Other operating expenses	1	-	2	-	-	-	-	214	-	-	-	-	217
Total operating expenses	11	425	384	1,400	2,485	2,745	1,275	3,230	1,567	852	815	57	15,246
Net income (loss) before other financing sources (uses)	13	60	14	20	21	127	29	(454)	65	9	(5)	27	(74)
Other financing sources (uses) - operating transfers	-	(6)	(5)	(8)	(96)	(60)	(12)	(59)	(28)	(72)	(174)	520	-
Net income (loss)	13	54	9	12	(75)	67	17	(513)	37	(63)	(179)	547	(74)
Retained earnings at beginning of year	106	1,573	101	236	919	1,425	596	7,143	922	236	388	-	13,452
Retained earnings at end of year	$ 119	1,627	110	248	844	1,492	613	6,630	959	173	209	547	13,378

See accompanying independent auditors' report.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Schedule of Cash Flows by Program
(in thousands)

For the year ended December 31, 1996

	1982 Program	1984 Program	1985/1994R Program	1987 Program	1988 Program	1989 Program	1990 Program	1991 Program	1993 Program	1994 Program	1995 Program	1996 Program	Total
Cash flows from operating activities:													
Cash receipts for:													
Interest on mortgage loans	$ 15	462	358	1,388	2,377	2,729	1,243	2,511	1,577	837	371	-	13,868
Interest on investments	1	88	47	9	165	173	70	313	54	27	430	-	1,377
Cash payments for:													
Interest on bonds	(13)	(590)	(273)	(1,321)	(2,366)	(2,532)	(1,213)	(2,341)	(1,368)	(782)	(757)	-	(13,556)
Servicing fees	-	(13)	(9)	(76)	(133)	(157)	(72)	(121)	(114)	(51)	(33)	-	(776)
Insurance	-	(13)	(11)	-	-	-	-	-	(14)	-	-	-	(38)
Other operating expenses	(11)	5	(7)	(1)	-	(10)	(5)	(302)	(18)	(2)	(3)	-	(351)
Net cash provided by (used in) operating activities	(8)	(61)	105	(1)	43	203	23	60	117	20	11	-	566
Cash flows from capital financing activities - purchase of other assets	-	-	-	-	-	-	-	(9)	-	-	-	-	(9)
Cash flows from noncapital financing activities:													
Bonds redeemed	(3)	(920)	(1,069)	(2,084)	(3,475)	(4,045)	(1,670)	(4,613)	(1,425)	(430)	(440)	-	(20,174)
Bond proceeds	-	-	-	-	-	-	-	-	-	-	-	18,425	18,425
Bond issue costs and underwriter fees	-	-	-	-	-	-	-	-	-	-	-	(309)	(309)
Operating transfers	-	(6)	(5)	(8)	(96)	(60)	(12)	(59)	(28)	(72)	(174)	520	-
Net cash provided by (used in) noncapital financing activities	(3)	(926)	(1,074)	(2,092)	(3,571)	(4,105)	(1,682)	(4,672)	(1,453)	(502)	(614)	18,636	(2,058)
Cash flows from investing activities:													
Proceeds from sale of investment	4	72	-	-	264	80	44	194	87	20	12,500	-	13,265
Acquisition of investments	-	(125)	(1)	-	-	(72)	(62)	(218)	(5)	(1)	(44)	(18,556)	(19,081)
Acquisition of mortgage loans	-	-	-	-	-	-	-	-	-	-	(11,986)	-	(11,986)
Principal receipts from mortgage loans	3	1,097	755	1,862	3,263	3,899	1,677	4,481	1,215	406	125	-	18,783
Proceeds (purchase) from real estate owned, net	-	(113)	-	-	-	-	-	(4)	-	-	-	-	(117)
Net cash provided by (used in) investing activities	7	931	754	1,862	3,527	3,907	1,659	4,453	1,297	425	595	(18,556)	904
Net increase (decrease) in cash and cash equivalents	-	(16)	(215)	(231)	(1)	5	-	(165)	(19)	(49)	(8)	80	(619)
Cash and cash equivalents at beginning of period	-	88	227	418	1	125	-	1,364	95	49	13	-	2,380
Cash and cash equivalents at end of period	$ -	72	12	187	-	130	-	1,199	76	-	5	80	1,761

(Continued)

Schedule 3 Cont.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

Schedule of Cash Flows by Program, Continued
(in thousands)

	1982 Program	1984 Program	1985/1994B Program	1987 Program	1988 Program	1989 Program	1990 Program	1991 Program	1993 Program	1994 Program	1995 Program	1996 Program	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:													
Net income (loss)	$ 13	60	14	20	21	127	29	(454)	65	9	(5)	27	(74)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:													
Amortization of bond issuance and other costs	–	10	20	17	55	72	27	413	43	19	27	–	703
Change in assets and liabilities:													
(Increase) decrease in accrued interest receivable	–	11	8	13	27	26	9	(4)	7	2	(9)	(84)	6
(Increase) decrease in prepaid insurance	–	–	(3)	–	–	–	–	49	(6)	–	–	–	40
(Increase) decrease in real estate owned	–	(3)	–	–	–	–	–	1	–	–	–	–	(2)
(Increase) decrease in other assets	(8)	59	–	(36)	18	4	–	43	47	–	–	–	119
Increase (decrease) in other liabilities	–	4	(28)	–	–	–	–	(8)	(9)	–	–	–	(41)
Increase (decrease) accrued interest payable	(9)	(202)	94	(15)	(78)	(26)	(42)	20	(5)	(2)	(2)	57	(202)
Decrease in deferred liabilities	–	–	–	–	–	–	–	–	(5)	–	–	–	(5)
Net cash provided by (used in) operating activities	$ (4)	(61)	105	(1)	43	203	23	60	137	28	11	–	544

See accompanying independent auditors' report.

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

December 31, 1996 and 1995

The members of the Authority's Board of Trustees receive per diem payments for meetings attended and services rendered and are also reimbursed for actual expenses incurred in the performance of their duties as members of the Board of Trustees. For the years ended December 31, 1996 and 1995, the following per diem payments were made to the members of the Authority's board:

Number of Meetings:

	Regular Per Diems	Extra Per Diems	1996 Total	1995 Total
Alsford, Leonard N.	2	-	2	27
Bourg, Alton L.	46	17	63	-
Fortunato, Rocco P.	31	4	35	-
Fradella, Frank	50	23	73	67
Kelly, Daniel P.	33	2	35	35
Lambert, Robert J.	46	10	56	51
Lewis, Joseph R.	44	4	48	-
Orgeron, Eugene J.	2	1	3	60
Plauche, Lurry J.	-	-	-	50
Thomas, Anthony	48	15	63	-

Per Diem Payments:

	1996	1995
Alsford, Leonard N.	$ 200	2,700
Bourg, Alton L.	6,300	-
Fortunato, Rocco P.	3,500	-
Fradella, Frank	7,300	6,700
Kelly, Daniel P	3,500	3,500
Lambert, Robert J.	5,600	5,050
Lewis, Joseph R.	4,800	-
Orgeron, Eugene J.	300	6,000
Plauche, Lurry J.	-	5,000
Thomas, Anthony	6,300	6,500
	$ 37,800	35,450

See accompanying independent auditors' report.

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

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FEB 27 1997

LEGISLATIVE AUDITOR

Independent Auditors' Report on the Internal
Control Structure at the Financial Statement Level

The Board of Trustees
Parish of Jefferson Home Mortgage Authority:

We have audited the financial statements of the Parish of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 27, 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 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.

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

KPMG Peat Marwick LLP

January 27, 1997

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

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FEB 27 1997

LEGISLATIVE AUDITOR

Independent Auditors' Report on Compliance
at the Financial Statement Level

The Board of Trustees
Parish of Jefferson Home Mortgage Authority:

We have audited the financial statements of the Parish of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the year ended December 31, 1996, and have issued our report thereon dated January 27, 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 Park is the responsibility of the management of the Authority. 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 disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

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

KPMG Peat Marwick LLP

January 27, 1997

KPMG Peat Marwick LLP

Suite 3500 One Shell Square
New Orleans, LA 70139-3599

January 27, 1997

The Board of Trustees
Parish of Jefferson Home Mortgage Authority

We have audited the financial statements of Parish of Jefferson Home Mortgage Authority as of and for the year ended December 31, 1996, and have issued a report thereon dated January 27, 1997. Under generally accepted auditing standards, we are providing you with the attached information related to the conduct of our audit.

This information is intended solely for the use of the Board and management and should not be used for any other purpose.

Very truly yours,

KPMG Peat Marwick LLP

PARISH OF JEFFERSON HOME MORTGAGE AUTHORITY

December 31, 1996

Our Responsibility Under Generally Accepted Auditing Standards

Our responsibility under generally accepted auditing standards is to express an opinion on the financial statements of the Parish of Jefferson Home Mortgage Authority (the Authority), a component unit of the Parish of Jefferson, as of and for the year ended December 31, 1996 based on our audit. In carrying out this responsibility, we assessed the risk that the financial statements may contain a material misstatement, either intentional or unintentional, and designed and conducted our audit to provide reasonable, not absolute, assurance of detecting misstatements that are material to the financial statements. In addition, we considered the internal control structure of the Authority to gain a basic understanding of the accounting system in order to design an effective and efficient audit approach, although not for the purpose of providing specific assurance on the internal control structure.

Significant Accounting Policies

The significant accounting policies used by the Authority are described in the "Summary of Significant Accounting Policies" note to the financial statements.

We noted no transactions entered into by the Authority during the period that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events and assumptions about future events. Certain accounting estimates are particularly sensitive because of the significance of the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. There are no significant areas which require management's judgments or estimation.

Significant Audit Adjustments

We have proposed adjustments to modify the cash basis statements of the Authority to the accrual basis of accounting.

Disagreements With Management

There were no disagreements with management on financial accounting and reporting matters which, if not satisfactorily resolved, would have caused a modification of our report on the Authority's 1996 financial statements.

Consultation With Other Accountants

To the best of our knowledge, management has not consulted with or obtained an opinion, written or oral, from other independent accountants during the past year which were subject to the requirements of Statement on Auditing Standards No. 50, "Reporting on the Application of Accounting Principles."

Major Issues Discussed With Management Prior to Retention

There have been no major issues discussed with management prior to our retention as your auditors.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit.