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Financial Report

Lafourche Parish Home Mortgage Authority

December 31, 1997

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 JUL 01 1998

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Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1997 and 1996

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Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the accompanying general purpose financial statements of Lafourche Parish Home Mortgage Authority (the Authority) as of December 31, 1997 and 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Lafourche Parish Home Mortgage Authority as of December 31, 1997 and 1996, 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 our report dated April 16, 1998, on our consideration of Lafourche Parish Home Mortgage Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
April 16, 1998.

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BALANCE SHEETS - FIDUCIARY FUND TYPE - NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1997 and 1996

	1997	1996
Assets		
Cash with Trustee	$ 17,867	$ 69,542
Investments	2,498,853	2,337,795
Investments in FHLMC mortgage participant certificates	3,725,169	4,195,716
Real estate mortgage loans receivable, net	744,793	831,346
Accrued interest		
Investments	17,867	20,867
Investments in FHLMC mortgage participation certificates	47,499	54,029
Real estate mortgage loans, net	7,905	8,876
Prepaid insurance	993	1,135
Prepaid guarantee fee	8,307	9,357
Deferred bond issuance costs, net of accumulated amortization	123,448	147,398
Totals	$ 7,192,701	$ 7,676,061
Liabilities		
Accounts payable	$ 320	$ 270
Accrued interest on bonds	55,707	63,680
Bonds payable (net of unamortized bond discounts)	5,544,450	5,962,621
Commitments (Note 9)	-	-
Total liabilities	5,600,477	6,026,571
Fund Balance		
Reserved - trust indentures	686,505	837,760
Unreserved	905,719	811,730
Total fund balance	1,592,224	1,649,490
Totals	$ 7,192,701	$ 7,676,061

See notes to financial statements.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - FIDUCIARY FUND TYPE - NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

For the years ended December 31, 1997 and 1996

	1997	1996
Operating Revenues		
Interest:		
Investments in FHLMC mortgage participation certificates	$ 303,766	$ 352,913
Investments	179,212	166,533
Real estate mortgage loans	63,688	74,561
Total operating revenues	546,666	594,007
Operating Expenses		
Interest on bonds	547,523	599,420
Loan service fees	3,909	4,333
Professional services	20,767	22,912
Insurance	1,333	1,406
Amortization of deferred bond issuance costs	23,950	30,144
Trustee fee	5,400	4,050
Other	1,050	1,984
Total operating expenses	603,932	664,249
Excess Of Expenses Over Revenues	(57,266)	(70,242)
Fund Balance		
Beginning of year	1,649,490	1,719,732
End of year	$ 1,592,224	$ 1,649,490

See notes to financial statements.

STATEMENTS OF CASH FLOWS - FIDUCIARY FUND TYPE - NONEXPENDABLE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

For the years ended December 31, 1997 and 1996

	1997	1996
Cash Flows From Operating Activities		
Excess of expenses over revenues	$ (57,266)	$ (70,242)
Adjustments to reconcile excess of expenses over revenues to net cash provided by operating activities:		
Interest expense on bonds	547,523	599,420
Interest earned on investments	(179,212)	(166,533)
Amortization of deferred bond issue costs	23,950	30,144
Changes in assets and liabilities:		
Decrease in investments in FHLMC mortgage participation certificates	470,547	889,768
Decrease in real estate mortgage loans receivable	86,553	84,431
Decrease in accrued interest on FHLMC mortgage participation certificates	6,530	11,255
Decrease in accrued interest on real estate mortgage loans, net	971	101
Decrease in prepaid insurance	142	43
Decrease in prepaid guarantee fee	1,050	1,984
Increase(Decrease) in accounts payable	50	(1,522)
Total adjustments	958,104	1,449,091
Net cash provided by operating activities (carried forward)	900,838	1,378,849

Exhibit C
(Continued)

	1997	1996
Net cash provided by operating activities (brought forward)	900,838	1,378,849
Cash Flows From Investing Activities		
Proceeds from sales of investments in U.S. Treasury Instruments	1,870,972	1,207,597
Investments in U.S. Treasury Instruments	(1,921,758)	(1,242,143)
Interest on investments	71,941	61,466
Net cash provided by investing activities	21,155	26,920
Cash Flows From Non-Capital Financing Activities		
Bond principal payments	(609,782)	(933,006)
Bond interest payments	(363,886)	(413,842)
Net cash used in financing activities	(973,668)	(1,346,848)
Net Increase (Decrease) In Cash	(51,675)	58,921
Cash Balance		
Beginning of year	69,542	10,621
End of year	$ 17,867	$ 69,542

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 1997 and 1996

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Lafourche Parish Home Mortgage Authority (Authority) conform to generally accepted accounting principles as applicable to governments. The following is a summary of certain significant accounting policies:

a. Trust Indenture Accounts (Series 1990 Bonds)

The following accounts (Funds) are maintained by the Authority in accordance with the Trust Indentures dated April 1, 1990 for the Series 1990-A, Class A-1 bonds and the Series 1990-A, Class A-2 bonds, and the Trust Indenture dated May 1, 1990 for the Series 1990-B, Class B-1 and Class B-2 bonds:

1. **Collection Account** - The Trustee is required to deposit all payments of interest and principal received on the four Federal Home Loan Mortgage Corporation (FHLMC) participation certificates (except for the portion of the principal amount of the participation certificates held in the FHLMC Reserve Account) and any accrued interest received from the original purchasers of the Series 1990-A, Class A-1 bonds into the Collection Account. On each Class A-1 payment date (the 20th day of the second month following each interest accrual period, which is defined as a calendar month), the Trustee shall first pay from the Collections Account installments of principal and interest of the Class A-1 bonds which are delinquent, then in the following order installments of principal and interest which are not delinquent, any amounts directed by the Issuer (the Authority) to be transferred to the Class A-1 Redemption Account, and any remaining monies to the Issuer Residual Account.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

2. **Class A-1 Redemption Account** - The monies in this account shall be used solely for the payment of principal of the Class A-1 bonds called for redemption on any Class A-1 payment date on or after April 20, 2000, at 100 percent of the face amount of the bonds, and accrued interest for the applicable interest accrual period. The Trustee shall deposit into this account monies directed by the Issuer to be transferred from either the Collection Account or from the Issuer Residual Account.

3. **Issuer Residual Account and Program Subaccount** - An initial deposit was made on April 11, 1990 (the bond restructuring date) to the Issuer Residual Account. The Trustee is required to make deposits into this account from the Collection Account, the Retained Mortgage Loans Account, and the FHLMC Reserve Account under provisions of various sections of the trust indentures. Expenses of the Issuer including trustee fees, independent accountant fees, legal fees, etc. will be paid from this account. On April 2 each year, amounts in excess of $60,000 in the Issuer Residual Account may be released to the Issuer, deposited into the Class A-1 Redemption Account at the request of the Issuer, or deposited into the Program Subaccount. An initial deposit of $645,065 was made into the Program Subaccount on the bond restructuring date. Amounts held in the Program Subaccount may be released to the issuer at any time and will be used to pay costs for public purposes which preserves the exclusion from gross taxable income of interest on the Series 1990-B, Class B-1 and Class B-2 Bonds. Amounts in these two accounts are not pledged as security for the bonds and not subject to liens of trust indentures.

4. **FHLMC Reserve Account** - On the bond restructuring date, an initial deposit of $296,000 was made to this account per the indenture, comprised of a 1 percent portion of the FHLMC mortgage participation certificates and other monies. Interest earned on investments in this account is required to be transferred to the Issuer Residual Account. Monies in this account up to the original $296,000 are pledged to FHLMC to cover "guarantee costs," if any are incurred, including payments under the FHLMC guarantee which guarantees payment of interest at the coupon rate and collection of the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

4. FHLMC Reserve Account (Continued)

principal balance of the underlying mortgages backing the participation certificates to the holders of the participation certificates, and all costs and expenses incurred by FHLMC in connection with the disposition of loans in default, foreclosure, maintenance of or disposition of property acquired through foreclosure, etc. The FHLMC Reserve Account agreement will terminate on April 1, 1998, and any remaining monies in this account will be transferred to the Issuer Residual Account.

5. **Debt Service Reserve Account** - An initial deposit was made by the Trustee on the bond restructuring date as required by the trust indenture of $634,867 represented by an investment in a government agency discount obligation maturing on May 15, 2014 at a maturity amount of $6,175,000. In the event that monies in the Retained Mortgage Loans Account are insufficient to pay the required principal or interest on the Class B-1 bonds, the Trustee shall liquidate the debt service reserve investment and transfer the amount of such deficiency to the Debt Service Account.

6. **Debt Service Account** - Following the payment in full of the Class A-2 bonds in October 1995, the Trustee transferred all remaining monies in the Retained Mortgage Loans Account to this account. After that date, the Trustee is required to deposit into the Debt Service Account all revenues and receipts of the retained mortgage loans (the 1979 mortgage loans pledged to secure the Series 1990-A, Class A-2 bonds until paid in full and then the Series 1990-B, Class B-1 Bonds), any insurance payments received with respect to the retained mortgage loans under the mortgage trust insurance policy, and required transfers from the Debt Service Reserve Account, if any. On each Class B-1 payment date (the 1st day of each month commencing upon payment in full of the Class A-2 bonds), the Trustee shall first pay from the Debt Service Account all interest due on delinquent Class B-1 bonds, then in the following order, interest due on Class B-1 bonds which are not delinquent, principal of Class B-1 bonds to the extent that amounts remaining in the Debt Service Account after making the previous payments exceeds $20,000. On the maturity date (May 20, 2004), the Trustee shall first pay interest due on delinquent Class B-1 bonds,

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

then in the following order, interest due on Class B-1 bonds which are not delinquent, principal of Class B-1 bonds and the accreted value of the Class B-2 bonds. On any date fixed for redemption of Class B-1 and Class B-2 bonds (on or after May 20, 2009, in the event that the debt service reserve investment is called for redemption), the Trustee shall first redeem in whole the Class B-2 bonds at the accreted value at that date, then the Class B-1 bonds at 100 percent of the face amount plus accrued interest.

7. **Expense Account** - An initial deposit of $403,971 from the proceeds of issuance of the various 1990 bonds was made to this account. Trustee fees and bond issue costs in the same amount were paid from this account. Upon payment in full of the Class A-1 bonds, any monies remaining in the Issuer Residual Account shall be transferred to this account and used to pay expenses.

8. **Rebate Account** - The Trustee shall transfer to this account from the Program Subaccount, Debt Service Account, or other available funds of the Issuer the amount required to be rebated the United States Government, if any, with respect to any rebate calculation made of interest earned on certain investments compared to the interest that would have been earned if invested at the yield rate of the Class B-1 and Class B-2 bonds. No amounts have been transferred to this account at December 31, 1997.

b. Basis of Accounting

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

c. Budgetary Data

The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Commission's Expendable Trust Funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

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

e. Investments

It is the Authority's intention to hold its investments to maturity. Therefore, investments are carried at cost and are not adjusted to lower of cost or market.

Investments in U.S. Treasury discount instruments and U.S. Government Agency discount obligations are recorded at original cost and increased as interest is earned over the term of the security.

f. Investments in FHLMC Mortgage Participation Certificates

Investments in the FHLMC mortgage participation certificates are carried at original cost reduced for payments of principal on the underlying mortgages securing these mortgage-backed securities. It is the Authority's intention to hold these investments until all payments of principal are received. Therefore, these investments are carried at cost and are not adjusted to lower of cost or market.

g. Real Estate Mortgage Loans Receivable

Real estate mortgage loans receivable are reported net of an allowance for losses on real estate mortgage loans.

h. Allowance for Uninsured Losses on Real Estate Mortgage Loans

The Authority provides valuation allowances for estimated losses on real estate mortgage loans and real estate owned acquired through foreclosure. All real estate mortgage loans receivable are insured for losses by reason of a default by a mortgagor under the:

- Mortgage Guaranty Insurance Policy and VA Guaranty (Policy)

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Allowance For Uninsured Losses on Real Estate Mortgage Loans (Continued)

The Authority required all mortgagors who borrowed an original principal amount exceeding 80% of the lesser of the purchase price or the initial appraised value of the property to maintain a Policy in an amount so that the uninsured portion of the loan does not exceed 72% of the lesser or the purchase price or the initial appraised value of the property. The Policy is to be maintained until the remaining principal amount of the loan is reduced to 80% of the lesser of the purchase price or the appraised value of the property.

- Mortgage Trust Insurance Policy (Policy)

  The Policy will cover losses by reason of default by the mortgagor on any loan within the aggregate loss limit of liability of the Policy The aggregate loss limit of the Policy as of December 31, 1997 was $693,982. If aggregate losses paid under the Policy reach the aggregate loss limit of the Policy, coverage for losses will be exhausted. All further losses will be borne by the Authority. Aggregate losses paid under the Policy as of December 31, 1997 amounted to $50,111. The Policy is not a blanket policy against all losses, since claims thereunder may only be made respecting particular defaulted loans and only upon the satisfaction of certain conditions.

In providing valuation allowances, the estimated net realizable value of the underlying collateral, the estimated insured amount of the loan and the costs of holding real estate are considered. Loan losses are deducted from the allowance when the loans are actually charged off.

When a reduction of the carrying value of real estate owned to the estimated fair value or insured portion is required, the difference is charged to the allowance at the time of foreclosure; any subsequent adjustments are charged to loss on sale of real estate owned.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Allowance For Uncollected Interest

Accrued interest on real estate mortgage loans receivable are reported net of an allowance for uncollected interest. When a real estate mortgage loan becomes 90 days past due as to principal or interest, interest income in the current year is reduced and the allowance account is increased. Interest accrued in the prior year and not included in the allowance for uncollected interest is charged to the allowance for losses on real estate mortgage loans. When loans are charged against the allowance for losses on real estate mortgage loans, the interest accrued at that time is charged against the allowance for uncollected interest.

j. Real Estate Owned Acquired Through Foreclosure

Real estate owned acquired through foreclosure is initially recorded at the lower of cost (principal balance of the former mortgage loan plus costs of obtaining title or possession) or estimated fair value. Costs related to the improvement of the property are capitalized, whereas those relating to holding the property are expensed.

k. Deferred Bond Issuance Costs and Bond Discounts

The costs of issuing the Series 1990 Bonds and the related bond discounts are being amortized over the life of the bonds based upon the bonds outstanding method (weighted average principal amounts outstanding during the year to the total of outstanding principal balances). As Bonds are redeemed, a proportionate part of the related unamortized bond issuance costs is charged to expense.

Note 2 - REPORTING ENTITY

The Lafourche Parish Home Mortgage Authority was established on February 1, 1979 pursuant to Chapter 2A of Title 9 of the Louisiana revised statutes, as amended, and is a public trust. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Parish of Lafourche through low interest first mortgage loans and other purposes as specified by the Trust Indenture. The beneficiary of the trust is the Police Jury of the Parish of Lafourche.

Note 2 - REPORTING ENTITY (Continued)

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

Evidences of indebtedness are solely the obligations of the Authority and are not obligations of the Parish of Lafourche or the State of Louisiana.

The Authority's Board of Trustees is empowered under the Trust Indenture and the bond program agreement to contract with outside parties to conduct the day-to-day operations of the bond programs it initiates. In connection with the bond program, the Authority utilizes area financial institutions to originate and service the mortgage loans acquired. In addition, a financial institution has been designated as Trustee of the individual bond program and has the fiduciary responsibility for the custody and investment of funds.

Note 3 - CASH AND INVESTMENTS

Cash and investments consist of the following amounts which are held by the Trustee in various accounts established in accordance with the trust indentures for the Series 1990-A, Class A-1 and Class A-2 bonds, and the Series 1990-B, Class B-1 and B-2 bonds:

	1997		
		Investments	
Trust Indenture Accounts	Cash	Carrying Value	Market Value
Issuer Residual Account	$ 1,036	$ 96,750	$ 97,786
Program Subaccount	8,077	855,261	859,586
FHLMC Reserve Account	1,978	256,773	259,805
Debt Service Account	6,776	19,049	19,174
Debt Service Reserve Account	-	1,271,020	1,487,805
Totals	$17,867	$2,498,853	$2,724,156

Note 3 - CASH AND INVESTMENTS (Continued)

Summary of Investments	Carrying Value	Market Value
U.S. Treasury Bills	$ 672,308	$ 679,711
U.S. Treasury Note	555,525	556,640
Student Loan Marketing Association zero coupon bond (9.5%, maturity date May 15, 2014)	1,271,020	1,487,805
Totals	$2,498,853	$2,724,156

		1996	
		Investments	
Trust Indenture Accounts	Cash	Carrying Value	Market Value
Issuer Residual Account	$ 8,868	$ 93,765	$ 94,895
Program Subaccount	302	811,428	828,009
FHLMC Reserve Account	2,111	251,933	254,972
Debt Service Account	58,261	19,920	20,041
Debt Service Reserve Account	-	1,160,749	1,566,906
Totals	$69,542	$2,337,795	$2,764,823

Summary of Investments	Carrying Value	Market Value
U.S. Treasury Bills	$ 980,827	$ 998,229
U.S. Treasury Note	196,219	199,688
Student Loan Marketing Association zero coupon bond (9.5%, maturity date May 15, 2014)	1,160,749	1,566,906
Totals	$2,337,795	$2,764,823

U.S. Treasury Bills and Notes and Student Loan Marketing Association zero coupon bond are permissible types of investments stipulated in the bond trust indentures.

Note 3 - CASH AND INVESTMENTS (Continued)

The U.S. Treasury Bills and Notes and the Student Loan Marketing Association zero coupon bond at December 31, 1997 and 1996 are being held in book-entry form at the Federal Reserve Bank for the account of the Trustee. The Authority's holdings are reflected on the individual Trust Indenture Accounts' trust account statements. Investments in U.S. Treasury Bills and Notes have maturity dates within two years of December 31, 1997.

Note 4 - INVESTMENTS IN FHLMC MORTGAGE PARTICIPATION CERTIFICATES

In the bond restructuring on April 11, 1990, the Authority delivered to Federal Home Loan Mortgage Corporation (FHLMC), a U.S. Government agency, $9,865,330 of the Series 1979 A mortgage loans in exchange for four participation certificates bearing interest at 7.75% in the same aggregate face amount. The participation certificates represent an undivided fractional interest in the mortgage loans. FHLMC guarantees full and timely payment of principal and interest under these mortgage backed securities.

These investments are being held in book-entry form at the Federal Reserve Bank for the account of the Trustee. The Authority's investments are reflected on the individual Trust Indenture Accounts' trust account statements.

Note 5 - REAL ESTATE MORTGAGE LOANS RECEIVABLE

Mortgage loans receivable at December 31, 1997 and 1996 consisted of the following:

	1997	1996
Real estate mortgage loans:		
Current	$685,401	$606,345
30 to 90 days in arrears	30,195	225,001
90 or more days in arrears	29,197	-
	744,793	831,346
Less:		
Allowance for uninsured losses on real estate mortgage loans	-	-
Totals	$744,793	$831,346

Note 5 - REAL ESTATE MORTGAGE LOANS RECEIVABLE (Continued)

Mortgage loans acquired by the Authority from participating financial institutions under the Series 1979 A Single Family Mortgage Revenue Bonds and retained by the Authority have scheduled maturities of 30 years, are secured by first mortgages on the related property, and have an annual interest rate of 8.375%. In addition, the loans are insured for various hazard and casualty losses and have been insured against default by mortgagors under a master trust policy.

All of the single family mortgage loans are originated by participating mortgage lenders and are sold without recourse to the Authority. The participating mortgage lenders service the mortgage loans for the Authority and receive monthly compensation based upon the unpaid principal balance of each mortgage loan.

Accrued interest on real estate mortgage loans at December 31, 1997 and 1996 consisted of the following:

	1997	1996
Accrued interest	$ 9,713	$8,876
Less:		
Allowance for uncollected interest	(1,808)	-
Totals	$ 7,905	$8,876

Note 6 - DEFERRED BOND ISSUANCE COSTS

Details of deferred bond issuance costs as of December 31, 1997 and 1996 were as follows:

	1997	1996
Underwriters discount	$ 122,725	$ 122,725
Other costs	286,855	286,855
	409,580	409,580
Less accumulated amortization	(286,132)	(262,182)
Totals	$ 123,448	$ 147,398

Note 7 - BONDS PAYABLE

Bonds payable at December 31, 1997 and 1996 consists of Taxable Refunding Bonds, Series 1990-A, Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1, and Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2. Proceeds from the issuance of these bonds were principally used to defease the Single Family Revenue Bonds, 1979 Series A (one $5,000 bond remains outstanding at December 31, 1997). The Class A-1 bonds and Class A-2 bonds were issued on April 11, 1990. The Class B-1 and Class B-2 bonds were issued on May 14, 1990.

The Series 1990-A Taxable Refunding Bonds are comprised of Class A-1 bonds and Class A-2 bonds. The Class A-1 bonds have a face amount of $9,765,000 and bear interest at 7.75%. Principal and interest payments are made on each Class A-1 payment date (the 20th day of the second month following each interest accrual period, defined as a calendar month). Principal payments made on each payment date are based on the principal collections received on the four FHLMC mortgage participation certificates. The principal balance of the participation certificates is multiplied by 98.98% as stipulated in the bond indenture and then compared to the previous month's calculation. The reduction in the "bond values" is the amount of principal of the Class A-1 bonds that is paid on each payment date. The balance of the Class A-1 bonds will remain at 98.98% of the remaining principal balance of the participation certificates.

The Class A-1 bonds are secured by the FHLMC mortgage participation certificates for which the payment of principal and interest is guaranteed by FHLMC, and certain other monies from accounts established by the trust indenture. The maturity date of the bonds is June 20, 2012 for any principal that remains unpaid at that date.

The Class A-2 Bonds were paid in full (except for one bond owned which will be considered to be paid at maturity and is not secured by the lien of the Class A-2 trust indenture) in October 1995. The Class A-2 bonds had a face amount of $770,000 and bore interest at 7.625%. Principal and interest payments were made on each Class A-2 payment date (the 1st day of the second month following each interest accrual period, which is defined as a calendar month). Principal payments were based on the collections of principal and interest on the real estate mortgage loans and payments made by the Authority for related expenses. Principal payments were made only from monies on deposit in the Retained Mortgage Loans Account in excess of $20,000 after payment of the Class A-2 interest and certain other costs, if any.

Note 7 - BONDS PAYABLE (Continued)

The Class A-2 bonds were secured by the real estate mortgage loans receivable and the investment in the Debt Service Reserve Account.

The Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1 had a face amount of $595,000 and a stated interest rate of 7.625%. Interest accrued at 7.625% monthly from date of issuance until the date that the Class A-2 bonds were paid in full, when the compounded value (original principal plus accrued interest) converted and bear interest at 7.625%. The amount of interest accrued through October 1995 that converted to principal was $308,801. Monthly payments of principal and interest commenced immediately after the payment in full of the Class A-2 Bonds. Principal and interest payments are made monthly on each Class B-1 payment date (1st day of the second month following the interest accrual period, defined as a calendar month) in addition to interest to the extent that monies in the Debt Service Account exceed $20,000 after the payment of all interest.

The Class B-1 bonds will mature on May 14, 2014 for any principal that remains unpaid on that date.

The Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2 will mature on May 14, 2014 at $5,250,000. The original issue amount is $797,948. Interest is not payable monthly, but shall accrete value at an interest rate of 8% compounded semiannually which will produce an aggregate maturity amount of $5,250,000.

The Class B-1 and Class B-2 bonds are subject to redemption on or after May 20, 2009 under certain conditions. The Class B-1 and Class B-2 bonds are secured by a residual interest in the trust estate created under the Class A-2 indenture. Those monies and revenues pledged to secure the Class A-2 bonds will secure the Class B-1 and Class B-2 bonds upon payment in full of the Class A-2 bonds.

All monies, investments, revenues, and assets in the accounts established in the trust indentures are pledged as security for repayment of the various bonds, except for the amount held in the FHLMC Reserve Account and amounts held in the Issuer Residual Account in excess of $60,000 and the Program Subaccount.

Note 7 - BONDS PAYABLE (Continued)

The following are the outstanding balances of the bonds payable at December 31, 1997 and 1996:

Class	Bond Principal Balance at December 31, 1997	Unamortized Bond Issue Discount	Balance at December 31, 1997
A-1	$3,687,171	$282,111	$3,405,060
A-2	5,000	-	5,000
B-1	685,247	7,970	677,277
B-2	1,452,113	-	1,452,113
Totals	$5,829,531	$290,081	5,539,450
Series 1979 A			5,000
Total			$ 5,544,450

Class	Bond Principal Balance at December 31, 1996	Unamortized Bond Issue Discount	Balance at December 31, 1996
A-1	$4,152,918	$362,193	$3,790,725
A-2	5,000	-	5,000
B-1	829,282	9,947	819,335
B-2	1,342,561	-	1,342,561
Totals	$6,329,761	$372,140	5,957,621
Series 1979 A			5,000
Total			$ 5,962,621

Note 7 - BONDS PAYABLE (Continued)

A combined schedule of maturities and interest requirements for all bonds for each of the next five years is not presented as required by the Statement of Financial Accounting Standards Number 47. The amount of the obligation is not fixed and determinable on an annual basis because, as noted above, bond principal and interest payments are based on variables including principal collections on the four FHLMC mortgage participation certificates, principal and interest collections on the real estate mortgage loans, and payments made for related expenses.

Note 8 - UNRESERVED FUND BALANCE

Monies in the Program Subaccount and monies in excess of $60,000 in the Issuer Residual Account as of April 2 each year are not pledged as security for the bonds and are not subject to the lien of the trust indentures. These amounts are reported as unreserved fund balance at December 31, 1997 and 1996.

Note 9 - COMMITMENT

The monies held in the FHLMC Reserve Account, approximately $296,000, is pledged to FHLMC to cover "guarantee costs," if any are incurred, as detailed in the trust indenture. This agreement will terminate on April 1, 1998. At December 31, 1997, no amounts were reimbursed to FHLMC for any guarantee costs incurred.

Note 10 - ADVANCE REFUNDING OF SERIES 1979 A BONDS

In April and May of 1990, in order to provide monies to the Authority for its valid public purpose, the Authority provided for the full refunding of its Series 1979 A Single Family Mortgage Revenue Bonds. The Authority issued $10,535,000 of Taxable Refunding Bonds, Series 1990-A, Class A-1 and Class A-2, $595,000 of Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1, and Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2 maturing on May 20, 2014 in the amount of $5,250,000. The proceeds of the refunding issues, along with other available funds of the Authority, have been placed in an irrevocable escrow account to be used solely to defense $13,145,000 of principal of the Series 1979 A bonds (one $5,000 bond remains outstanding at December 31, 1997 and was not defeased).

Note 10 - ADVANCE REFUNDING OF SERIES 1979 A BONDS (Continued)

Under terms of the escrow deposit agreement, the amounts deposited into the escrow account with the Escrow Trustee were used to purchase U.S. Government obligations as allowed under the agreement. These investments, along with accrued interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the Series 1979 A bonds, which totaled approximately $29,820,000 at the date of refunding. The advance refunding met the requirements of an in-substance debt defeasance and therefore, the escrow account and the $13,145,000 of refunded bonds are not reflected on the financial statements of the Authority.

The balance outstanding of the refunded debt of Series 1979 A bonds at December 31, 1997 and 1996 was $10,780,000 and $11,150,000, respectively.

Note 11 - COMPENSATION PAID BOARD OF TRUSTEES

The Trustees serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their duties as Trustees. The Trustees did not receive any per diem, compensation or reimbursement for actual expenses for the years ended December 31, 1997 and 1996.

Note 12 - SUPPLEMENTAL DISCLOSURES OF CASH AND NON-CASH INFORMATION

Cash paid for interest was $363,886 and $425,812 during 1997 and 1996, respectively.

The Authority had the following non-cash transaction in financing and investing activities:

	1997	1996
Investment in Student Loan Marketing Association Zero Coupon Bond increased by accrued interest	$110,272	$100,704
Interest expense on the Series 1990-B, Class B-2 bonds	$109,552	$101,288
Amortization of bond issue discounts	$82,059	$96,266
Decrease in interest payable on bonds	$(7,973)	$(11,976)

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Bourgeois Bennett

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the general purpose financial statements of the Lafourche Parish Home Mortgage Authority (the Authority), as of and for the year ended December 31, 1997, and have issued our report thereon, dated April 16, 1998. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance, with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal

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control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all maters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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 over financial reporting and its operation that we consider to be material weaknesses.

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, La.,
April 16, 1998.

SCHEDULE OF FINDINGS

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 1997

Section I Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not considered to be material weakness ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

b) Federal Awards

For the year ended December 31, 1997 the Lafourche Parish Home Mortgage Authority was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section II Financial Statement Findings

There were no financial statement findings required to be reported for the year ended December 31, 1997.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General Purpose Financial Statements

For the year ended December 31, 1996 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

Not applicable.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1996.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 1997

Section I Internal Control and Compliance Material to the General Purpose Financial Statements

For the year ended December 31, 1997 there were no internal control or compliance issues reported or noted.

Section II Internal Control and Compliance Material To Federal Awards

For the year ended December 31, 1997 the Lafourche Parish Home Mortgage Authority was not subject to OMB Circular A-133, Audits of States, Local Government and Non-Profit Organizations.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 1997.