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R E P O R T

ST. DENNIS PARISH HOME MORTGAGE AUTHORITY

MARCH 31, 1968 AND 1967

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 APR 12 1968

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

May 20, 1998

Board of Trustees
St. Bernard Parish Home
Mortgage Authority
Chalmette, Louisiana 70043

We have audited the accompanying combining balance sheets of the St. Bernard Parish Home Mortgage Authority, a component unit of the Parish of St. Bernard, and its programs as of March 31, 1998 and 1997 and the related combining 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. These 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.

As more fully described in Note 1, the financial statements present only the Home Mortgage Authority operations of St. Bernard Parish for the years ended March 31, 1998 and 1997 and are not intended to present fairly the results of operations of the Parish of St. Bernard.

In our opinion, the accompanying financial statements present fairly the financial position of the St. Bernard Parish Home Mortgage Authority and its programs at March 31, 1998 and 1997 and results of its operations and 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 May 20, 1998 on our consideration of St. Bernard Parish Home Mortgage Authority's internal control over financial reporting and our tests of its compliance with laws and regulations.

Duplantier, Hrapmann, Hogan & Mahler, L.L.P.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 COMBINING BALANCE SHEETS
 MARCH 31, 1998 AND 1997

ASSETS

	COMBINED	
	1998	1997
Cash (Note 2)	\$ 529	\$ 913
Cash equivalents (Notes 1 and 2)	394,808	447,866
U.S. Government Securities (Notes 1 and 2)	857,807	758,153
Securitized investment contracts (Notes 1 and 2)	96,549	96,549
Mortgage loans receivable - (Notes 3 and 4)	2,845,301	3,212,182
Accrued interest receivable	33,383	33,124
Insurance receivable	907	1,492
Deferred financing costs - Net of amortization (Note 5)	376,986	371,839
Other	<u>2,889</u>	<u>3,889</u>
TOTAL ASSETS	<u>\$ 4,503,952</u>	<u>\$ 4,833,737</u>

LIABILITIES AND RETAINED EARNINGS

Accrued interest payable (Note 4)	\$ 21,875	\$ 35,596
Bonds payable (Notes 1 and 6)	<u>3,486,738</u>	<u>3,518,368</u>
Total Liabilities	3,508,613	3,553,964
Retained earnings	<u>895,339</u>	<u>880,175</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	<u>\$ 4,411,552</u>	<u>\$ 4,432,132</u>

See accompanying notes.

1978 PROGRAM		1979 PROGRAM		1980 PROGRAM	
1978	1979	1978	1979	1978	1979
\$ --	\$ --	\$ --	\$ --	\$ 228	\$ 513
118,458	128,023	352,535	376,888	83,540	311,293
--	--	--	--	622,027	756,153
--	--	--	--	88,593	99,545
--	--	1,895,952	2,111,995	982,739	3,305,587
--	--	14,112	15,885	4,271	18,828
--	--	--	--	857	1,893
--	--	78,548	94,515	350,445	175,383
--	--	2,578	2,578	382	382
\$ 118,458	\$ 128,023	\$ 2,168,588	\$ 2,394,372	\$ 2,345,357	\$ 2,597,352
\$ --	\$ --	\$ 31,833	\$ 33,883	\$ 8,952	\$ 12,790
--	--	1,784,424	2,026,782	2,482,332	1,832,447
--	--	1,856,339	2,060,586	2,500,294	1,850,458
118,458	128,023	343,367	364,371	431,336	898,332
\$ 118,458	\$ 128,023	\$ 2,349,894	\$ 2,394,371	\$ 2,183,382	\$ 2,397,382

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
 FOR THE YEARS ENDED MARCH 31, 1989 AND 1987

	COMBINED	
	1989	1987
REVENUES:		
Interest earned on mortgage loans (Note 2)	\$ 108,510	\$ 105,645
Interest earned on investments (Note 2)	<u>80,178</u>	<u>65,040</u>
Total	<u>188,688</u>	<u>170,685</u>
EXPENSES:		
Interest (Note 4)	290,529	319,004
Amortization of deferred financing costs (Note 1)	44,023	51,419
Service fees (Note 1)	11,525	13,129
Mortgage loan insurance costs	3,389	4,380
Operating expenses	<u>21,897</u>	<u>20,980</u>
Total	<u>371,363</u>	<u>408,812</u>
NET INCOME (LOSS)	21,744	(238,629)
Retained earnings, beginning of year	<u>881,136</u>	<u>1,119,765</u>
RETAINED EARNINGS, END OF YEAR	\$ 902,880	\$ 881,136

See accompanying notes.

1979 PROGRAM		1991 PROGRAM		1992 PROGRAM	
1978	1991	1978	1991	1978	1991
\$ --	\$ --	\$ 208,437	\$ 182,542	\$ 91,896	\$ 83,573
<u>3,479</u>	<u>3,873</u>	<u>8,817</u>	<u>8,392</u>	<u>71,831</u>	<u>70,481</u>
<u>3,479</u>	<u>3,873</u>	<u>217,254</u>	<u>190,934</u>	<u>163,727</u>	<u>154,054</u>
--	--	383,388	371,428	344,349	346,078
--	--	19,289	19,119	21,894	19,289
--	--	7,794	8,581	5,711	4,488
--	--	2,445	3,178	824	1,192
<u>7,182</u>	<u>9,845</u>	<u>7,928</u>	<u>8,851</u>	<u>9,390</u>	<u>12,159</u>
<u>7,182</u>	<u>9,845</u>	<u>397,829</u>	<u>390,185</u>	<u>400,811</u>	<u>387,132</u>
(\$1,583)	(\$2,912)	58,136	15,411	(\$1,878)	(\$18,864)
<u>116,891</u>	<u>119,896</u>	<u>368,721</u>	<u>315,632</u>	<u>438,932</u>	<u>414,866</u>
\$ 116,892	\$ 119,893	\$ 368,722	\$ 315,621	\$ 440,103	\$ 415,812

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
(CONDENSED STATEMENTS OF CASH FLOWS)
FOR THE YEARS ENDING MARCH 31, 1998 AND 1997

	C O N T I N U E D	
	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 21,744	\$ 105,430
Reconciliation of net income (loss) to net cash provided (used) by operating activities:		
Amortization of deferred financing costs	44,823	33,418
Amortization of investment discount	65,834	158,000
Amortization of bond discount	61,139	55,732
Other	---	12,450
Decrease (increase) in accrued interest receivable	12,711	15,500
Decrease (increase) in insurance receivable	895	---
Decrease in accrued interest payable	(4,380)	(2,084)
Interest paid on bonds payable	218,917	232,858
Interest received on investments	(178,350)	(178,458)
Net cash provided (used) by operating activities	388,555	352,228
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Bond redemptions	(508,745)	(181,442)
Interest paid on bonds payable	(178,937)	(178,858)
Net cash used by noncapital financing activities	(687,682)	(360,300)
CASH FLOW FROM INVESTING ACTIVITIES:		
Decrease in mortgage loans receivable	23,881	264,748
Interest received on investments	24,388	24,585
Net cash provided by investing activities	48,269	289,333
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	69,142	16,261
Cash and cash equivalents - beginning of year	448,375	432,114
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 517,517	\$ 448,375

See accompanying notes.

1979 PROGRAM		1979 PROGRAM		1979 PROGRAM	
1988	1992	1988	1992	1988	1992
\$ (3,543)	\$ (3,871)	\$ 38,138	\$ 46,403	\$ (79,829)	\$ (38,054)
--	--	38,389	44,229	25,814	31,128
--	--	--	--	(64,814)	(60,382)
--	--	--	--	81,188	89,752
--	--	--	(3,894)	--	82
--	--	394	18,811	11,757	5,488
--	--	--	--	895	--
--	--	(1,889)	(2,199)	(2,833)	(166)
--	--	394,876	172,821	65,844	34,182
____(3,871)	____(3,871)	____394,811	____172,811	____(19,288)	____34,881
____(1,197)	____(2,199)	____202,618	____186,115	____76,684	____81,439
--	--	(382,317)	(182,117)	(128,464)	(66,284)
____	____	____(138,636)	____(173,672)	____(68,881)	____(78,892)
____	____	____(188,382)	____(289,289)	____(282,289)	____(188,432)
--	--	218,013	254,798	137,888	112,000
____9,678	____9,871	____9,612	____9,787	____35,888	____9,628
____9,678	____9,871	____208,608	____261,588	____173,888	____121,628
(1,581)	(3,811)	(7,574)	(11,801)	(73,885)	34,668
____186,281	____212,885	____178,602	____261,587	____137,794	____187,888
\$ 186,992	\$ 212,812	\$ 182,808	\$ 273,887	\$ 84,888	\$ 187,128

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1998 AND 1997

ORGANIZATION

The St. Bernard Parish Home Mortgage Authority (the "Authority") was created through a Trust Indenture dated May 9, 1979 pursuant to provisions of Chapter 2-B of Title 9 of the Louisiana Revised Statutes of 1950, as amended. The initial legislation and subsequent amendments grant the Authority the power to obtain funds and to use the proceeds to promote the financing and development of any essential program conducted in the public interest within the boundaries of St. Bernard Parish, Louisiana.

The Authority's operations consist of two single family mortgage revenue bond programs and two single family mortgage refunding bond programs whereby the Authority promoted residential home ownership through the acquisition of mortgage loans secured by first mortgage liens on single family residential housing. The funds for these programs were obtained through the issuance of \$85,000,000 in Single Family Mortgage Revenue Bonds, dated September 1, 1979, \$18,000,000 in Single Family Mortgage Revenue Bonds, dated November 1, 1980, \$4,405,000 in Single Family Mortgage Refunding Bonds, dated March 29, 1990, \$11,205,000 in 1990 Series A Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$2,150,000 in 1992 Series B-1 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, \$200,000 (maturity amount) in 1992 Series B-2 Taxable Single Family Mortgage Refunding Bonds, dated June 1, 1992, and \$1,000,000 (maturity amount) in 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds dated June 1, 1992. The bonds dated September 1, 1979 have been defeased and the bonds dated November 1, 1980 have been called. The \$11,205,000 in 1990 Series A Bonds dated June 1, 1992 have matured. The bonds issued by the Authority are general obligations of the Authority and are not an obligation of the State of Louisiana or any other political subdivision thereof.

The Authority has a Board of Trustees which is empowered under the bond trust indentures and the bond program agreements to contract with outside parties to conduct the day-to-day operations of the programs it initiates. Under the bond programs, the Authority utilizes financial institutions to originate and service the mortgage loans acquired. In addition, a bank has been designated as Trustee of the separate bond programs and has the fiduciary responsibility for the custodianship and investment of funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity

Government Accounting Standards Board (GASB) Statement No. 14 has established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

1. Appointment of a voting majority of the governing board
 - a. The ability of the parish government to impose its will on the organization

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
PERIODS 31, 1988 AND 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Reporting entity (Continued)

- b. The potential of the organization to provide specific financial benefits to or impose specific financial burdens on the parish government.
2. Organizations which are fiscally dependent.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the parish government appoints the governing board, the Authority was determined to be a component unit of the St. Bernard Parish Government, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the funds maintained by the Authority and do not present information on the parish government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

Annually, the St. Bernard Parish Government issues audited general purpose financial statements which include the activity contained in the accompanying financial statements.

Basis of Reporting

The combined financial statements include the 1979 single family mortgage revenue bond program and the 1990 and 1992 single family mortgage refunding bond programs. There is no longer activity in the 1980 single family mortgage revenue bond program. The individual funds for each bond program are combined in the accompanying individual program financial statements.

Basis of Accounting

The Authority follows the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when the related liability is incurred. Certain funds were established under the powers granted by the bond trust indentures. The funds, which are maintained by the trustee bank, provide for the accounting of bonds issued, debt service and bond redemption requirements, investments, and related revenues and operating expenses.

The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

Amortization

Bond issuance costs, including underwriter's discount on bonds sold, are being amortized ratably over the life of the bonds based upon the principal amount outstanding.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Amortization (Continued)

Premiums and discounts on the purchase of investments are amortized over the life of the security using the level yield method.

Discounts on bonds payable are amortized over the lives of the bonds using the level yield method.

Statements of Cash Flows

For purposes of the statement of cash flows, the Authority considers all short-term, highly liquid investments with a maturity of three months or less to be cash equivalents.

2. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

Deposits

At March 31, 1998 and 1997, deposits in the amount of \$829 and \$813, respectively, (bank balances) were insured by the Federal Deposit Insurance Corporation (FDIC).

Cash Equivalents

The Authority invests in the Barquis Treasury Securities Money Market Fund which is considered a cash equivalent. The Barquis Treasury Securities Money Market Fund invests exclusively in obligations issued by the U.S. Treasury and backed by its full faith and credit and in repurchase agreements involving such obligations. However, an investment in the fund is neither insured nor guaranteed by the U.S. Government. The Money Market funds are held by a subcustodian in the name of the Authority. The funds are managed by the Trustee Bank of the Authority.

Investments

The Authority's investments are categorized below to give an indication of the level of risk assumed by the entity 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.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 1998 AND 1997

2. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Investments (Continued)

	1998		1997		CATEGORY
	CARRYING VALUE	MARKET VALUE	CARRYING VALUE	MARKET VALUE	
1992 Program: Guaranteed Investment Contracts	\$ 96,545	\$ 96,545	\$ 96,545	\$ 96,545	2
U.S. Government securities	892,827	1,129,836	758,153	899,876	2
	<u>\$989,372</u>	<u>\$1,226,381</u>	<u>\$854,698</u>	<u>\$996,421</u>	

U.S. Government securities and guaranteed investment contracts are carried at amortized cost.

The bond indentures authorize the Trustee to make investments under prudent investment standards reasonably expected to produce the greatest investment yield.

3. MORTGAGE LOANS RECEIVABLE:

In accordance with the Trust Indenture of the 1990 Single Family Mortgage Revenue Refunding Bonds, the right, title and interest in the mortgage loans of the 1988 program were transferred to the 1990 program as of March 1, 1990.

In accordance with the Trust Indenture of the 1990 Series B Single Family Mortgage Refunding Bonds and the 1992 Series C Tax Exempt Single Family Mortgage Revenue Bonds, the right, title and interest in the remaining mortgage loans of the 1979 program were transferred to the 1992 program as of June 1, 1992. Certain mortgage loans of the 1979 program were sold prior to this date.

Mortgage loans receivable acquired by the Authority from participating mortgage lenders under the 1979 program which were transferred to the 1992 program have a stated rate of 8.375%. The mortgage loans under the 1980 program previously had a stated rate of 11.5%, but after transfer to the 1991 program, have a stated rate of 8.3%. These mortgage loans, which were granted only to residents of St. Bernard Parish, have scheduled maturities of thirty years and are secured by first mortgages on the related real property. Each participating mortgage lender services those loans purchased from it by the Authority and receives compensation for services rendered.

In addition to the customary insurance required of the mortgagors, the mortgage loans are insured by the Authority under pool insurance policies. The loans of the 1991 program are also insured under a special hazard policy.

The mortgage loans receivable were obtained through conventional, FHA and VA programs sponsored by the various participating mortgage lenders.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1988 AND 1987

4. **BONDS PAYABLE:**

The net proceeds obtained from the 1979 and 1980 bond issues were used to establish funds authorized by the Bond Trust Indentures and to purchase eligible mortgage loans secured by first mortgage liens on single family owner-occupied residences from qualified mortgage lenders accepted for participation in the program by the Authority.

On March 31, 1990, the Authority issued \$4,435,000 in Single Family Mortgage Refunding Bonds with an interest rate of 8% to advance refund \$4,000,000 of outstanding 1980 Series Bonds with an interest rate of 10.75%. The 1980 Series Bonds have since been retired.

On June 3, 1982, the Authority issued \$11,258,000 in Single Family Mortgage Refunding Bonds, \$700,000 (maturity amount) in Single Family Mortgage Refunding Bonds, \$3,000,000 (maturity amount) in Single Family Mortgage Revenue Bonds, and \$8,138,000 in Single Family Mortgage Refunding Bonds to advance refund \$12,470,000 of outstanding 1979 Series Bonds with interest rates of 5.62% to 7.5%. The net proceeds of \$13,185,143 (after \$1,803,319 in underwriting fees, trustee costs, and cash requirements) plus an additional \$4,204,455 of 1979 reserve fund money, loan proceeds and accrued interest were used to purchase government securities. These securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1979 Series Bonds. As a result, the 1979 bonds are considered defeased and the liability for these bonds was removed from the financial statements. At March 31, 1988 and 1987, \$13,960,000 of the defeased bonds were still outstanding.

The Bond Trust Indentures provide that bond principal and interest are secured by pledges of all mortgage loans acquired, all revenues and collections with respect to such loans, and all funds established by the Authority, together with all of the proceeds generated therefrom.

Outstanding bonds payable are due on a term and serial basis and bear interest at rates as follows:

	MARCH 31	
	1988	1987
Single Family Mortgage Revenue Bonds:		
1980 program Series C, zero coupons, due 2004 at maturity value of \$3,000,000, discounted to yield approximately 7.80%, unamortized discount was \$2,118,161 and \$2,178,714 at March 31, 1988 and 1987, respectively.	\$ 804,239	\$ 828,286
Single Family Mortgage Refunding Bonds:		
1981 Program, due 1995-2010, 8%	1,794,426	2,876,785
1982 Program Series B-1, due 2011, 7.5% stated rate, discounted to yield approximately 7.84%, unamortized discount was \$34,790 and \$48,000 at March 31, 1988 and 1987, respectively.	762,173	875,421

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 1988 AND 1987

4. BONDS PAYABLE: (Continued)

1992 Program Series B-2, zero coupon, due 2014 at maturity value of \$200,000, discounted to yield approximately 9.25%, unamortized discount was \$154,800 and \$150,050 at March 31, 1988 and 1987, respectively.

45,920
\$3,498,158

41,350
\$3,204,380

It is not possible to project the bond principal payments for the 1981 and 1982 Series B-1 issues for the next five years due to the required redemption procedures of the Trust indentures. The Indenture of the 1981 issue requires monies remaining in the Collection Account of the 1981 issue shall pay principal of the bonds after the following payments are satisfied:

- payment to the Rebate Account in an amount equal to the excess non-mortgage earnings;
- payment of all interest due and payable with respect to any overdue bonds and any principal of such overdue bonds;
- payment of interest due and payable on any bonds which are not overdue;
- payment to the Debt Service Reserve Account (if necessary) to maintain the reserve requirement;
- payment to the Revenue Account an amount equal to 1/12 of .5% per annum of the aggregate principal amount of bonds outstanding.

The Indenture of the 1982 Series B-1 issue requires monies remaining in the Debt Fund Account of the 1982 Series B-1 issue shall pay principal of the bonds after the following payments are satisfied:

- payment of all interest due and payable with respect to any overdue bonds;
- payment of any installments of interest then due and payable on any bonds which are not overdue;
- payment to the Expense Account an amount sufficient to maintain a balance of \$15,000 therein.

The 1982 Series C bonds are callable at the option of the issuer on any date on or after June 1, 2002 at the following redemption prices expressed as percentages of the accredit value of the bonds as of the date of redemption:

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 1998 AND 1997

4. BONDS PAYABLE: (Continued)

<u>REDUCTION PERIOD</u>	<u>REDUCTION PRICE</u>
June 1, 2002 through May 31, 2003	100%
June 1, 2003 through May 31, 2004	100
June 1, 2004 through May 31, 2005	100
June 1, 2005 and thereafter	100

5. BOARD OF TRUSTEES (TRUSTEES):

The members of the Authority's Board of Trustees receive no compensation for their services rendered but are reimbursed for their actual travel costs incurred in connection with their duties as trustees of the Authority.

6. 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. Actual results could differ from those estimates.

ST. BERNARD PARISH HOME MORTGAGE AUTHORITY
 INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
 ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
 IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
 FOR THE YEAR ENDED MARCH 31, 1998

May 20, 1998

Board of Trustees
 St. Bernard Parish Home
 Mortgage Authority
 Chalmette, Louisiana 70043

We have audited the financial statements of the St. Bernard Parish Home Mortgage Authority as of and for the year ended March 31, 1998, and have issued our report thereon dated May 20, 1998. We conducted our audit 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.

Compliance

As part of obtaining reasonable assurance about whether the St. Bernard Parish Home Mortgage Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 audit, we considered the St. Bernard Parish Home Mortgage Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters 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 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 St. Bernard Parish Home Mortgage Authority's Board of Trustees, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Anderson, Hopmann, Mayne & Mathis LLP



DUPLANTIER, HRAPMANN,
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MEMBERSHIP

July 2, 1998

Legislative Auditor
P.O. Box 94387
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

SUMMARY SCHEDULE OF FINDINGS

Section I: Summary of Auditor's Reports

A. Financial Statement Audit Opinion

We have audited the financial statements of St. Bernard Parish Home Mortgage Authority as of and for the year ended March 31, 1998 and have issued our report thereon dated May 20, 1998. We conducted our audit 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. Our audit as of March 31, 1998 resulted in an unqualified opinion.

B. Report on Compliance and on Internal Control over Financial Statements

Internal Control:

Material weaknesses - none noted
Reportable conditions - none noted

Compliance:

Noncompliance material to financial statements - none noted

Section II: Financial Statement Findings

A. Current Year Findings:

There were no current year findings.

B. Prior Year Findings:

There were no prior year findings.

Sincerely,

DEPLANTER, HOFFMAN, HOLLAN & BAKER, LLP

William S. Stann

William S. Stann, CPA
Partner

WSS/djt