

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Agency had not complied, in all material respects, with those requirements.

We reviewed the status of findings in the 1995 audit report and found that all of these findings were effectively resolved.

This report is intended for the information of the finance committee, management, and the Legislative Auditor's office. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996

Single Family Loan Monitoring

The Agency did not consistently and timely monitor the 1981 through 1985 Single Family MRB Program lenders foreclosure proceedings. Therefore, the timeliness and collection efforts have slowed in the past years. This is a repeat comment.

Recommendation: To prevent loss of interest and to monitor the status and collectibility of principal, monitoring of the lender collection efforts should be performed.

Response: The Agency incurred a vacancy in the Single Family Section which impacted the monitoring of these programs. Once the vacancy is filled the foreclosure proceedings will be timely.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Agency personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would like to commend management for all of the improvements made during fiscal 1996 in the following areas:

1. Improved budgeting accuracy
2. Holding pre-construction conferences for HOME multi-family projects
3. All single family appraisals within guidelines
4. All excess funds were returned to HUD within the allowed time period
5. Admin fees were calculated under applicable HUD provisions
6. All HOME transactions were recorded on the general ledger
7. Labor rates on multifamily construction were reviewed by Agency personnel
8. The Agency is making attempts to reconcile differences with HUD regarding section 8 projects.

We would like to express our appreciation for the cooperation and courtesies extended to us during our audit by all Agency personnel. We will be happy to discuss in more detail any of the above topics or any other matter that may concern you, at your convenience.

Sincerely,

POSTLETHWAITE & NETTERVILLE

*Postlethwaite & Netterville*



LOUISIANA HOUSING FINANCE AGENCY  
REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
JUNE 30, 1996



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## INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996. We have also audited the compliance of the Louisiana Housing Finance Agency with requirements applicable to major federal financial assistance programs and have issued our report thereon dated September 12, 1996.

We conducted our audits in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Agency complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered the internal control structure of the Agency, in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the Agency and on the compliance of the Agency with requirements applicable to major programs, and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated September 12, 1996.

The management of the Agency 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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

<u>Accounting Applications</u>	<u>Specific Requirements</u>	<u>General Requirements</u>
a. Billings	a. Monitoring subrecipients	a. Cash management
b. Cash receipts	b. Reporting	b. Political activity
c. Cash disbursements	c. Claims for advances and reimbursements	c. Civil rights
d. General ledger	d. Allocation of administrative costs	d. Davis Bacon Act
	e. Monitoring of contract rent plus utility allowances	e. Federal Financial Reports
	f. Eligibility	f. Allowable costs/costs principle
	g. Matching, level of effort, or earmarking	g. Drug-free Workplace
	h. Types of services allowed or unallowed	h. Administrative requirements
	i. Retention of revolving loans	

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the Louisiana Housing Finance Agency expended ninety-nine percent of its total federal financial assistance under major federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of the Louisiana Housing Finance Agency which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Agency's ability to administer federal financial assistance programs in accordance with applicable laws and regulations. The reportable condition noted is described in the accompanying Schedule of Reportable Conditions.

A material weakness is a reportable 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 noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the reportable condition described in the accompanying schedule is not a material weaknesses.

We also noted other matters involving the internal control structure and its operation that we did not consider to be reportable conditions, as defined above. These matters have been communicated to the Agency in a separate letter dated September 12, 1996.

We reviewed the status of reportable conditions in the 1995 audit report and found that all of these reportable conditions were effectively resolved.

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996

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LOUISIANA HOUSING FINANCE AGENCY  
REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
JUNE 30, 1996

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**SINGLE AUDIT REPORT ON COMPLIANCE WITH  
THE GENERAL REQUIREMENTS APPLICABLE TO MAJOR AND NON-MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We have applied procedures to test the Agency's compliance with the following requirements applicable to each of its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- a. Cash management
- b. Political activity
- c. Civil rights
- d. Davis Bacon Act
- e. Federal financial reports
- f. Allowable costs/cost principles
- g. Drug-free workplace
- h. Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Louisiana Housing Finance Agency's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.



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## INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996. These financial statements are the responsibility of the Louisiana Housing Finance Agency management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "*Audits of State and Local Governments*". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Louisiana Housing Finance Agency taken as a whole. The accompanying Schedule of Federal Financial Assistance (the Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in the Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We have also audited the compliance of the Louisiana Housing Finance Agency with the requirements governing types of services allowed or unallowed; reporting; the monitoring of subrecipients; claims for advances and reimbursements; the allocation of administrative costs; the monitoring of contract rent plus utility allowances; eligibility; retention of revolving loans; and matching, level of effort, or earmarking that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the Agency is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular A-128, "Audits of State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Louisiana Housing Finance Agency complied, in all material respects, with the requirements referred to in the second paragraph that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

We reviewed the status of findings reported in the 1995 audit report and found that all of these findings were effectively resolved.

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR  
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency), as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

In connection with our audit of the financial statements of the Agency, and with our consideration of the Agency's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed, eligibility, and reporting that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Agency's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Agency had not complied, in all material respects, with those requirements.

We reviewed the status of findings reported in the 1995 audit report and found that all of these findings were effectively resolved.

This report is intended for the information of the finance committee, management, and the Legislative Auditor's Office. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996

LOUISIANA HOUSING FINANCE AGENCY  
BATON ROUGE, LOUISIANA

SCHEDULE OF REPORTABLE CONDITIONS  
FOR THE YEAR ENDED JUNE 30, 1996

Condition:

The Agency did not reconcile on a timely basis, its HOME Program loan portfolio subsidiary ledger to the general ledger. However, no material misstatements were noted in the general ledger at June 30, 1996.

Effect:

A posting error could have occurred on the general ledger and would not have been detected on a timely basis.

Recommendation:

The Agency should reconcile the mortgage loan subsidiary ledger to the general ledger on a monthly basis or change the source document which is used to prepare the information to post to the general ledger.

Response:

The Agency will implement the auditors' recommendation.

LOUISIANA HOUSING FINANCE AGENCY  
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 1996

<u>Federal Grantor Pass-Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenses</u>
<u>U. S. Department of HUD</u>		
Section 8 Program*	14.156	\$ 2,272,293
Supportive Housing Demonstration Program	14.241	103,617
Supportive Housing Demonstration Program	14.238	42,480
Home Program*	14.239	1,695,120 <sup>(1)</sup>

\*Denotes major federal financial assistance program.

<sup>(1)</sup> In addition to these expenses of federal funds, \$13,708,971 was disbursed in the form of loans and is carried as on the Agency's balance sheet as of June 30, 1996.



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

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency) for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *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 Agency 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 Agency for the year ended June 30, 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 the relevant policies and procedures and whether they have been placed in operation, and we





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September 12, 1996

Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

In planning and performing our audit of the combined financial statements of the Louisiana Housing Finance Agency for the year ended June 30, 1996, we considered the Agency's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. We previously reported on the Agency's internal control structure in our report dated September 12, 1996, which included a schedule of reportable conditions. This letter does not affect our report dated September 12, 1996, on the financial statements of the Louisiana Housing Finance Agency.

### Arbitrage Rebate Calculations

Arbitrage rebate tax calculations were not being obtained or monitored by the Agency for financial reporting purposes, on a timely basis. Although some bond issues may not be in a position where rebate calculations are necessary, due to applicable interest rates; however, the Agency currently does not have a monitoring system to verify that calculations are in fact, not necessary. This is a repeat comment.

**Recommendation:** In order to properly report any liability resulting from the tax, copies of calculations performed on all applicable issues should be obtained annually and currently.

**Response:** A list of bond issues and computation dates for each issue will be maintained in the accounting section. Calculation of rebate amounts, if any, due on such dates will be performed by either the Agency's Financial Advisor or bond counsel.



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

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Housing Finance Agency (the Agency) as of and for the year ended June 30, 1996, and have issued our report thereon dated September 12, 1996.

We conducted our audit in accordance with generally accepted auditing standards and, *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Louisiana Housing Finance Agency is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Agency'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 under *Government Auditing Standards*.

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

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996

LOUISIANA HOUSING FINANCE AGENCY

BALANCE SHEETS  
JUNE 30, 1996 AND 1995

ASSETS

	<u>1996</u>	<u>1995</u>
CASH AND CASH EQUIVALENTS	\$ 4,149,161	\$ 3,778,601
INVESTMENTS	14,391,489	8,322,911
ACCRUED INTEREST RECEIVABLE	210,440	72,558
DUE FROM GOVERNMENTS	431,090	496,066
RECEIVABLES	100,929	112,517
OTHER ASSETS	70,156	73,304
DUE FROM MRB PROGRAMS	438,040	156,828
PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$177,776 and \$140,040, respectively)	<u>134,836</u>	<u>176,898</u>
	<u>19,926,141</u>	<u>13,189,683</u>
<u>RESTRICTED ASSETS</u>		
Cash and cash equivalents	1,061,378	947,123
Mortgage loans receivable (net of reserve for credit losses of \$7,174,675 and \$4,095,043, respectively)	25,613,669	14,984,331
Accrued interest receivable	814,516	251,808
Rents receivable - rental property	217,110	9,309
Property and equipment - rental property	23,914	3
Other assets - rental property	<u>15,000</u>	<u>-</u>
	<u>27,745,587</u>	<u>16,192,574</u>
 <b>Total Assets</b>	 <b><u>\$ 47,671,728</u></b>	 <b><u>\$ 29,382,257</u></b>

The accompanying notes are an integral part of these financial statements.



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LOUISIANA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS

JUNE 30, 1996

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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 OCT 16 1996



LOUISIANA HOUSING FINANCE AGENCY

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LOUISIANA HOUSING FINANCE AGENCY

FINANCIAL STATEMENTS

JUNE 30, 1996





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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Louisiana Housing Finance Agency  
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Louisiana Housing Finance Agency's General Fund, a component unit of the State of Louisiana, as of June 30, 1996 and 1995. These financial statements are the responsibility of the Agency'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 audits 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 Louisiana Housing Finance Agency's General Fund as of June 30, 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.

As discussed in Note 2, the financial statements present only the Louisiana Housing Finance Agency's General Fund and are not intended to present fairly the combined financial position, combined results of operations, or the combined cash flows of the Louisiana Housing Finance Agency's mortgage revenue bond programs in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 12, 1996 on our consideration of the Louisiana Housing Finance Agency's internal control structure and a report dated September 12, 1996 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combined statement of operations on page 18 is presented for purposes of additional analysis and are not a required part of the financial statements of the Louisiana Housing Finance Agency. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 12, 1996

LIABILITIES AND FUND BALANCE

	<u>1996</u>	<u>1995</u>
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 396,146	\$ 656,473
COMPENSATED ABSENCES PAYABLE	59,617	50,537
DEFERRED INCOME	<u>1,623,880</u>	<u>2,067,783</u>
	<u>2,079,643</u>	<u>2,774,793</u>
 <u>RESTRICTED LIABILITIES</u>		
Due to Governments	135,450	700,642
Deferred income	55,487	58,839
Tenant security deposits and accrued liabilities - rental property	158,314	25,645
Accounts payable	<u>15,586</u>	<u>42,678</u>
	<u>364,837</u>	<u>827,804</u>
 TOTAL LIABILITIES	 <u>2,444,480</u>	 <u>3,602,597</u>
 <u>FUND BALANCE</u>		
Restricted - Federal programs	26,541,360	15,176,761
Restricted - rental property operations	659,118	247,020
Unrestricted	<u>18,026,770</u>	<u>10,355,879</u>
	<u>45,227,248</u>	<u>25,779,660</u>
 <b>Total Liabilities and Fund Balance</b>	 <b><u>\$ 47,671,728</u></b>	 <b><u>\$ 29,382,257</u></b>

LOUISIANA HOUSING FINANCE AGENCY  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCE  
FOR THE YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<u>OPERATING REVENUES</u>		
MRB program issuer fees	\$ 538,293	\$ 482,379
Low income housing tax credit program fees	981,671	427,236
Commitment and loan fee income	638,404	349,426
Compliance and application fees - Home Program	201,850	-
Federal program administrative fees	752,128	762,853
Other income	36,484	42,548
Income on investments	<u>967,132</u>	<u>653,631</u>
	<u>4,115,962</u>	<u>2,718,073</u>
 <u>OPERATING EXPENSES</u>		
Personnel services	734,332	729,093
Supplies	40,752	25,183
Travel	72,588	75,015
Operating services	665,097	636,691
Professional services	1,002,596	491,098
Depreciation	<u>52,641</u>	<u>49,282</u>
	<u>2,568,006</u>	<u>2,006,362</u>
 Excess revenue over expenses from operations	 <u>1,547,956</u>	 <u>711,711</u>
 <u>NON-OPERATING REVENUES (EXPENSES)</u>		
Miscellaneous income	332,639	115,189
Interest income on restricted assets	596,404	245,363
Federal grant revenue	16,970,858	22,173,278
Federal grant funds passed through to subrecipients	( 3,080,388)	( 6,868,495)
Homebuyer assistance payments	-	( 294,308)
Provision for credit losses	( 3,079,632)	( 4,095,043)
Net income from rental property	<u>1,363,134</u>	<u>247,014</u>
	<u>13,103,015</u>	<u>11,522,998</u>
 EXCESS OF REVENUES OVER EXPENSES	 14,650,971	 12,234,709
 FUND BALANCE - Beginning of year	 25,779,660	 14,417,958
 Net residual equity transfers	 <u>4,796,617</u>	 <u>( 873,007)</u>
 FUND BALANCE - End of year	 <u>\$ 45,227,248</u>	 <u>\$ 25,779,660</u>

The accompanying notes are an integral part of these financial statements.

LOUISIANA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Excess revenues over expenses from operations	\$ 1,547,956	\$ 711,711
Adjustments to reconcile excess revenues over expenses to net cash provided by operating activities:		
Depreciation	52,641	49,282
Reclassify investment interest income	( 967,132)	( 653,631)
Change in due from governments	64,976	( 392,902)
Change in due from MRB programs	( 281,212)	( 156,818)
Change in accounts payable	( 260,327)	374,729
Change in compensated absences payable	9,080	12,927
Change in due to governments	( 565,192)	457,007
Change in deferred income	( 447,255)	85,914
Change in other assets	14,736	( 142,152)
Mortgage loans purchased	( 13,784,043)	( 15,539,592)
Collections of mortgage loans	75,073	-
Net cash used in operating activities	<u>( 14,540,699)</u>	<u>( 15,193,525)</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>		
Residual equity transfers in	8,603,199	808,684
Residual equity transfers out	( 3,806,582)	( 1,681,691)
Receipts from federal grants	16,970,858	22,173,278
Disbursements of federal grants	( 3,080,388)	( 6,686,495)
Homebuyer assistance payments	-	( 294,308)
Net cash provided by noncapital financing activities	<u>18,687,087</u>	<u>14,319,468</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of fixed assets	( 10,579)	( 45,990)
Investment interest income	1,563,536	653,631
Increase in accrued interest receivable	( 700,590)	( 10,988)
Other income (non-operating)	332,639	66,477
Investments purchased	( 38,367,821)	( 11,220,901)
Investments redeemed	32,299,243	13,488,840
Net cash from rental property	1,221,999	247,014
Net cash (used in) provided by investing activities	<u>( 3,661,573)</u>	<u>3,178,083</u>

The accompanying notes are an integral part of these financial statements.



LOUISIANA HOUSING FINANCE AGENCY

STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 1996 AND 1995

	<u>1996</u>	<u>1995</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 484,815	\$ 2,304,026
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,725,724</u>	<u>2,421,698</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 5,210,539</u>	<u>\$ 4,725,724</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# LOUISIANA HOUSING FINANCE AGENCY

## NOTES TO FINANCIAL STATEMENTS

### 1. Organization of the Agency

The Louisiana Housing Finance Agency (the Agency) is a political subdivision and instrumentality of the State of Louisiana established in 1980 pursuant to the Louisiana Housing Finance Act contained in Chapter 3-A of Title 40 of the Louisiana Revised Statutes of 1950, as amended. The initial enacting legislation and subsequent amendments grant the Agency the authority to undertake various programs to assist in the financing of housing needs in the state of Louisiana for persons of low and moderate incomes by issuing evidence of indebtedness to obtain funds for accomplishing its authorized public functions.

In accordance with the above legislation, the powers of the Agency are vested in a Board of Commissioners which is empowered to contract with outside parties to conduct the operations of the programs it initiates. For the programs it initiates, the Agency utilizes mortgage lenders in the State of Louisiana to originate and service mortgage and construction loans acquired under its single family and multifamily programs. The Agency also utilizes various banking institutions to serve as trustee for each of its bond programs and such trustee banks have the fiduciary responsibility for the custody and investment of program funds.

### 2. Significant Accounting Policies

#### a. Basis of accounting and reporting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. In November of 1984, the GASB issued a codification of governmental accounting and financial reporting standards. The codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government.

The Louisiana Housing Finance Agency prepares its financial statements in accordance with the standards established by the GASB. GASB Codification Section 2100 establishes criteria for determining the governmental reporting entity and has defined the governmental reporting entity to be the State of Louisiana. The accompanying statements present only transactions of the Louisiana Housing Finance Agency's General Fund, a component unit of the State of Louisiana. The Agency's "General Fund" refers to the fund that accounts for the Agency's general operating activities and is not meant to denote a governmental type general fund of a primary government. The Agency's General Fund, as well as its Mortgage Revenue Bond Programs, are considered to be proprietary type funds, as discussed in (a.) below.

Annually, the Louisiana Housing Finance Agency issues combined financial statements which include the activity contained in the accompanying financial statements.

Annually, the State of Louisiana issues general purpose financial statements which include the activity contained in the accompanying financial statements. The general purpose financial statements are issued by the Louisiana Division of Administration-Office of Statewide Reporting and Accounting Policy and audited by the Louisiana Legislative Auditor.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

5. Federal Financial Assistance (continued)

The Agency disbursed a total of \$14,651,964 and \$20,057,396 in connection with the HOME Program during 1996 and 1995, respectively.

The Agency recognized \$752,128 and \$762,853 in administrative fee revenue under this program for 1996 and 1995, respectively.

6. Board of Commissioners Expenses

The appointed members of the Agency's Board of Commissioners receive a per diem payment for meetings attended and services rendered, and are also reimbursed for their actual expenses incurred in the performance of their duties as Commissioners. For the year ended June 30, 1996, the following per diem payments were made to the members of the Agency's Board and are included in general and administrative expenses:

Robert Austin	\$	600
William Bisland, Jr.		550
Effie Carter		450
Robert Eustis		400
Delores P. Francois		150
Elmo Frazier		550
Roy J. Gross, III		450
Phillip Miller		600
Gregory Monier		550
Albert S. Pappalardo		500
Cade Stapleton		100
W. E. Tucker, Jr.		500
Phil Yeates		<u>600</u>
		<u>\$ 6,000</u>

7. Pension Plans and Other Employee Benefits

Pension Plans

Most of the Agency's full-time employees participate in the Louisiana State Employees' Retirement System ("the System"), a single-employer public employee retirement system. The payroll for employees covered by the System for the years ended June 30, 1996 and 1995 was approximately \$530,000 and \$500,000; the Agency's total payroll was approximately \$640,000 and \$600,000, respectively.

LOUISIANA HOUSING FINANCE AGENCY

COMBINED STATEMENT OF OPERATIONS  
RENTAL PROPERTIES

For the Year Ended June 30, 1996

	<u>Willowbrook</u>	<u>Gaslight</u>	<u>Woodvale</u>	<u>University I</u>	<u>University II</u>	<u>Totals</u>
Total Rent Revenue	\$ 1,492,992	\$ 870,602	\$ 556,554	\$ 223,196	\$ 214,951	\$ 3,358,295
Total Vacancies	( 156,395)	( 93,186)	( 9,851)	( 4,650)	( 1,761)	( 265,843)
Net Rental Revenue	<u>1,336,597</u>	<u>777,416</u>	<u>546,703</u>	<u>218,546</u>	<u>213,190</u>	<u>3,092,452</u>
Total Financial Revenue	-	-	1,856	905	974	3,735
Total Other Revenue	<u>40,094</u>	<u>21,777</u>	<u>18,111</u>	<u>7,339</u>	<u>4,339</u>	<u>91,660</u>
Total Revenue	<u>1,376,691</u>	<u>799,193</u>	<u>566,670</u>	<u>226,790</u>	<u>218,503</u>	<u>3,187,847</u>
Total Administrative Expenses	163,695	118,395	100,113	60,425	45,862	488,490
Total Utilities Expenses	131,911	86,355	36,568	22,742	22,262	299,838
Total Operating & Maintenance Expenses	262,687	226,580	214,553	66,676	72,956	843,452
Total Taxes & Insurance	63,590	42,307	46,730	15,439	17,162	185,228
Total Financial Expenses	<u>1,507</u>	<u>1,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,025</u>
Total Cost of Operations before depreciation	<u>623,390</u>	<u>475,155</u>	<u>397,964</u>	<u>165,282</u>	<u>158,242</u>	<u>1,820,033</u>
Profit (Loss) Before Depreciation	753,301	324,038	168,706	61,508	60,261	1,367,814
Depreciation	<u>672</u>	<u>1,270</u>	<u>2,244</u>	<u>381</u>	<u>113</u>	<u>4,680</u>
Net Profit (Loss)	<u>\$ 752,629</u>	<u>\$ 322,768</u>	<u>\$ 166,462</u>	<u>\$ 61,127</u>	<u>\$ 60,148</u>	<u>\$ 1,363,134</u>

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

7. Pension Plans and Other Employee Benefits (continued)

Pension Plans (continued)

Most Agency full-time employees are eligible to participate in the System. The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty years of creditable service, to age sixty upon completing ten years of creditable service. The basic annual retirement benefit for substantially all members is equal to 2.5% of average compensation multiplied by the number of years of creditable service plus \$300. Participants who become members of the System on or after July 1, 1986 are not eligible for the \$300 addition to the annual retirement benefit formula. Benefits fully vest on reaching 10 years of service. The System also provides death and disability benefits. Benefits are established by State Statute.

Covered employees are required by State statute to contribute 7.5% of their salary to the System. The Agency is required by the same statute to contribute 12% of the employee's eligible compensation to the System. The contributions made by the Agency for the years ended June 30, 1996 and 1995 were approximately \$61,000 and \$52,000, respectively. The contribution made by employees was approximately \$18,800 and \$37,000.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligation for individual employers. The pension benefit obligation at June 30, 1995, the date of the latest actuarial valuation, for the System as a whole was \$5,696,909,256. The System's net assets available for benefits on that date (valued at market) were \$3,589,501,958, leaving an unfunded pension benefit obligation of \$2,107,407,298. The Agency's 1995 contribution represented less than one percent of total contributions required of all participating entities.

Ten-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995 comprehensive annual financial report.

Other Employee Benefits

The Agency provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the Agency's employees become eligible for those benefits if they reach normal retirement age while working for the Agency. Those benefits for retirees and similar benefits for active employees are provided through a state operated group insurance company and various insurance companies whose monthly premiums are paid jointly by the employee and the Agency. The Agency recognizes the cost of providing these benefits (Agency's portion of premiums) as an expenditure/expense in the year paid. Such costs paid were insignificant for the years ended June 30, 1996 and 1995.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)

a. Basis of accounting and reporting (continued)

The Funds of the Agency are proprietary fund types. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration. The generally accepted accounting principles ("GAAP") used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they were earned and expenses are recognized in the period incurred. Significant accounting policies consistently followed by the Agency in preparing its financial statements include:

b. Fund Accounting

General Fund - This fund provides for the accounting of general and administrative expenses of the Agency, any allowable transfers from other funds, investment interest income, and various types of fees. Funds transferred from the Agency's programs are generally unrestricted and may be utilized for any lawful purpose of the Agency. The General Fund also accounts for the Low Income Housing Tax Credit program administered by the Agency, and accounts for the administration and pass through transactions of the federal programs administered by the Agency. (See Note 5) This statement reflects only the activity of the General Fund, determined to be a component unit of the State of Louisiana.

Included in the fund is the pass-through federal funds of Section 8 Housing Assistance Payments Program, which the Agency administers on behalf of the U.S. Department of Housing and Urban Development (HUD).

The Agency owns five low income multifamily rental properties. The activity of these properties are accounted for in the General Fund.

c. Loan fees

Loan fees are deferred and amortized using a method that approximates the interest method over the contractual life of the related loans, except for single family fixed-rate mortgage loans. Due to anticipated prepayments, fixed-rate single family loans (generally made for a contractual 30-year term) are amortized over an estimated 12-year economic life. In the event an extraordinary mandatory redemption occurs due to mortgage loans not being originated, deferred fees (on a pro-rata share of unfunded mortgage loans) are recognized immediately as revenue.

d. Investments

Investments are included in the accompanying financial statements at amortized cost.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

5. Federal Financial Assistance

Section 8 Program

In connection with the Series 1983A and 1991A&B Multifamily Mortgage Revenue Bond Programs, the Agency entered into a Housing Assistance Program (HAP) contract with the Department of Housing and Urban Development (HUD) as authorized under Section 8 of the United States Housing Act of 1937, as amended. Under the contract, the Agency serves as an agent for HUD by distributing HAP funds to the housing project owners. The Agency receives an administrative fee and is reimbursed for certain expenses by HUD for providing this service. These fees totaled approximately \$54,000 for the years ending June 30, 1996 and 1995.

Supportive Housing Demonstration Program

The Agency has been awarded several grants by the Department of Housing and Urban Development (HUD) under the Supportive Housing Demonstration Program. Under these grant agreements, the Agency serves as an agent for HUD by distributing these funds to the entity operating the program. The Agency requisitioned \$122,949 and \$191,506 and disbursed \$146,098 and \$191,506 on behalf of the projects during the fiscal years 1996 and 1995, respectively. The Agency receives no fee for administration of these grants.

HOME Program

The Agency has also entered into a partnership agreement on behalf of the State of Louisiana with HUD under the HOME Investment Partnership Program as authorized by Title II of the National Affordable Housing Act. Under the agreement, the Agency administers and distributes funding to be used for a variety of low income housing activities. These activities and the form of funding provided are as follows:

<u>Activity</u>	<u>Funding Form</u>
a) Rehabilitation and new construction of low-income multi family rental complexes	Low interest bearing loans
b) Rehabilitation of structures for low-income homeowners	Grants
c) First year operating expenses for community housing development organizations (CHDO's)	Grants
d) Homebuyer assistance	Low interest, non interest bearing loans and grants.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

2. Significant Accounting Policies (continued)

e. Allowance for Credit Losses

The allowance is maintained at a level adequate to absorb probable losses. Management determines the adequacy of the allowance based upon reviews of groups of credits, loss experience of similar type loans, current and future estimated economic conditions, the risk characteristics of the various categories of loans and other pertinent factors. Credits deemed uncollectible are charged to the allowance. Provisions for credit losses and recoveries on loans previously charged off are added to the allowance.

f. Issuer Fees

The Agency receives an administrative fee from the majority of the bond programs issued by the Agency. The amounts and/or calculations of the fees are specified in the various bond indentures.

g. Fixed Assets

The Agency's major classes of fixed assets consist of equipment and automobiles. These assets are recorded at cost less accumulated depreciation and depreciated over their estimated useful lives using the straight-line method.

h. Reclassifications

Certain amounts in the 1995 financial statements have been reclassified to conform to the current year's presentation.

i. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. Cash and Investments

For reporting purposes, cash and cash equivalents include cash on hand, demand deposits and all highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are stated at cost, which approximates market value. Under state law the Louisiana Housing Finance Agency may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Agency may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate amounts of federally or state chartered credit unions.

LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

4. Notes and Bonds Payable (continued)

<u>Bond Issue</u>	<u>Interest Rate</u>	<u>Date Issued</u>	<u>Maturity Dates</u>	<u>In Thousands</u>		
				<u>Amount Issued</u>	<u>Retired to Date</u>	<u>Outstanding at 6/30/96</u>
1984A Single Family	11.9%	08/01/84	08/01/14	\$ 15,118	(\$ 3,173)	\$ 11,945
1987A Single Family	6.5-9.1%	12/01/87	Various	49,355	( 31,695)	17,660
1988A Single Family	6.5-8.3%	12/01/88	Various	93,750	( 49,175)	44,575
1989 Single Family	7.6%	12/01/89	12/01/29	100,000	( 11,549)	88,451
1990 Single Family	7.8%	09/14/90	09/01/23	96,000	( 49,430)	46,570
1990B Single Family	6.9%	11/27/91	09/01/23	27,500	( 25,192)	2,308
1992 Single Family	3.8-3.9%	06/02/94	06/01/95	88,785	( 88,785)	-
	6.0-7.4%	06/10/92	Various	9,647	( 2,060)	7,588
1992A/B Single Family	4.4-6.9%	06/25/92	Various	5,000	( 105)	4,895
1992A <sub>1</sub> /B <sub>1</sub> Single Family	4.65-6.8%	09/23/94	Various	15,000	( 890)	14,110
1992A <sub>2</sub> /B <sub>2</sub> Single Family	4.6-6.6%	04/25/95	Various	15,000	( 100)	14,900
1994B Single Family	4.3-8.0%	09/01/94	Various	10,482	( 358)	10,124
1995A <sub>1</sub> /A <sub>2</sub> Single Family	4.5-7.8%	04/01/95	Various	38,014	( 17,915)	20,099
1995C <sub>1</sub> /C <sub>2</sub> Single Family	5.1-6.45%	12/01/95	Various	53,723	-	53,723
1996B <sub>1</sub> -B <sub>4</sub> Single Family	4.1-6.3%	04/15/96	Various	36,485	-	36,485
	3.75-3.8%	04/30/96	04/15/97	28,795	( 266)	28,529
1983 Multifamily	8.5-9.6%	12/01/83	Various	32,550	( 30,430)	2,120
	10.5%	12/15/83	01/01/26	16,505	( 13,412)	3,093
1986 Securitized Multifamily	8.6%	07/31/86	08/01/96	150,000	( 95,584)	54,416
1988A Multifamily	3.3%	03/31/88	Various	7,430	( 225)	7,205
1988B Multifamily	3.3%	04/11/88	Various	10,655	( 285)	10,370
1988 K.C. Multifamily	9.0%	06/13/88	08/01/13	850	( 120)	730
1988 P.H. Multifamily	6.8-8.0%	12/01/88	Various	1,250	( 30)	1,220
1989 T.A. Multifamily	5.4%	09/01/89	07/01/10	450	( 63)	387
1990 W.V. Multifamily	7.8%	04/01/90	Various	3,745	( 148)	3,597
1991 W.V.II Multifamily	7.6-8.0%	01/01/91	Various	3,715	( 55)	3,660
1991A&B Multifamily	5.5-8.5%	12/01/91	Various	9,700	( 520)	9,180
1992 N.O. Multifamily	5.0-10.0%	03/01/92	Various	19,700	( 1,339)	18,361
1992 E.P. Multifamily	5.5-7.1%	07/01/92	Various	3,678	( 142)	3,536
1993A&B Multifamily	4.4-6.2%	05/01/93	Various	10,090	( 265)	9,825
1993 T.T. Multifamily	5.5-6.3%	12/01/93	Various	7,817	( 65)	7,752
1993 V.M. Multifamily	7.1%	07/20/93	Various	3,376	( 22)	3,354
1994 S.J.M. Multifamily	7.8%	06/01/94	Various	3,227	( 30)	3,196
1995A&B L.A.W. Multifamily	4.0-9.8%	04/01/95	Various	13,490	( 6,650)	6,840
1995A S.D.A.L. Multifamily	5.8-7.0%	03/01/95	Various	8,488	( 4)	8,484
1995 A.L.F. Multifamily	9%	03/31/95	03/01/25	19,045	( 858)	18,187
				<u>\$ 1,008,415</u>	<u>(\$ 430,940)</u>	<u>\$ 577,475</u>



LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

3. Cash and Investments (continued)

Investments can be classified according to the level of risk to the entity. The Agency's investments (excluding C.D.'s which were included in the first preceding paragraph of this note) are categorized below to give an indication of the level of risk assumed by the Agency at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Agency or its agent in the Agency'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 Agency's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent, but not in the Agency's name.

	1996				
	Category			Carrying Amount	Market Value
	1	2	3		
FNMA Securities	\$ -	\$ -	\$ 554,329	\$ 554,329	\$ 580,036
U. S. Treasury Securities	-	-	12,976,125	12,976,125	12,923,391
	\$ -	\$ -	\$ 13,530,454	\$ 13,530,454	\$ 13,503,427

	1995				
	Category			Carrying Amount	Market Value
	1	2	3		
FNMA Securities	\$ -	\$ -	\$ 484,659	\$ 484,659	\$ 522,860
U. S. Treasury Securities	-	-	7,838,252	7,838,252	7,902,226
	\$ -	\$ -	\$ 8,322,911	\$ 8,322,911	\$ 8,425,086

4. Notes and Bonds Payable

The Agency issues revenue bonds to assist in the financing of housing needs in the state of Louisiana. The bonds are limited obligations of the Agency, payable only from the income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore. The bonds do not constitute an obligation, either general or special, of the State of Louisiana, any municipality or any other of the political subdivisions of the State. Bonds issued by the Agency for which the Agency and the State have no responsibility for repayment are not recorded in the accompanying financial statements. Accordingly, the Agency has revenue bonds outstanding in thirty-three bond programs totaling approximately \$577,475,000 at June 30, 1996. Issues outstanding include:



LOUISIANA HOUSING FINANCE AGENCY

NOTES TO FINANCIAL STATEMENTS

3. Cash and Investments (continued)

The Louisiana Housing Finance Agency had cash and cash equivalents totaling \$5,210,539 and \$4,725,724 at June 30, 1996 and 1995 which included bank deposits of \$1,288,668 and \$1,965,513, respectively. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer. The bank deposits, which include \$861,035 of certificates of deposits classified as investments at June 30, 1996 were secured as follows:

	<u>1996</u>	<u>1995</u>
Carrying amount	<u>\$ 1,288,668</u>	<u>\$ 1,965,513</u>
Bank Balances:		
Insured (FDIC) or collateralized with securities held by the entity or its agent <u>in the entity's name</u>	\$ 400,000	\$ 200,000
Collateralized with securities held by pledging financial institution or its trust department or agent <u>in the entity's name</u>	1,775,530	1,874,504
Uncollateralized, including any securities held for the entity but <u>not in the entity's name</u>	<u>181,206</u>	<u>67,851</u>
Total Bank Balances	<u>\$ 2,356,736</u>	<u>\$ 2,142,355</u>

The Agency's cash equivalents of \$3,921,871 and \$2,760,211 at June 30, 1996 and 1995 primarily consist of short-term U.S. Government Securities held by various trust accounts maintained by the Agency.

At June 30, 1996 and 1995, investments totalling \$14,391,489 and \$8,322,911, respectively, consisted primarily of U. S. Treasury bills and notes and FNMA securities. Interest rates on investments and cash equivalents ranged from 4.0% to 10% at June 30, 1996.

Under Louisiana Revised Statute of 1950, as amended, the Agency may invest in obligations of the U. S. Treasury, agencies, and instrumentalities, repurchase agreements, and other investments as provided by the statute mentioned above.