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HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

JUNE 30, 2007

HAMMOND, LOUISIANA

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Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
Laura E. Monroe, CPA*
R. David Wascom, CPA*
*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B
Denham Springs, LA 70726
Phone: (225) 665-8297
Fax: (225) 667-3813

Members American Institute of Certified Public Accountants

2322 Tremont Drive
Baton Rouge, LA 70809

www.htbcpa.com

October 16, 2007

Independent Auditor's Report

To the Board of Trustees
Hammond-Tangipahoa Home Mortgage Authority
Hammond, Louisiana

We have audited the accompanying financial statements of the Hammond-Tangipahoa Home Mortgage Authority (the Authority) as of and for the year ended June 30, 2007, as listed in the table of contents. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hammond-Tangipahoa Home Mortgage Authority as of June 30, 2007, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 16, 2007, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 6, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The supplementary information included as Schedules 1 through 3 as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 financial statements taken as a whole.

Respectfully submitted,

Harris T. Bourgeois, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of Hammond-Tangipahoa Home Mortgage Authority's (the "Authority") financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended June 30, 2007 (the "Current Fiscal Year"). This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the Authority's financial statements, which begin on page 7.

FINANCIAL HIGHLIGHTS

- During the current fiscal year, low mortgage loan interest rates continued to cause the Authority's mortgage loans to first time home buyers to be prepaid. Prepayments from mortgage loans (as the underlying collateral for the Mortgage Backed Securities) are used to retire bonds prior to their maturity. Fewer assets results in lower mortgage related interest income and fewer bonds results in lower bond interest expense.

- Total Assets decreased by $298,055 primarily due to payments and prepayments from mortgage loans. Total Liabilities decreased $59,500 primarily due to reductions in bonds payable from principal payments and prepayments.

- The Authority's assets exceeded its liabilities at the close of the current fiscal year by $1,069,404, which represents a $238,555 decrease from the prior fiscal year.

- The Authority's gross revenue (exclusive of the "Change in Market Value of Securitized Loans and Other Investments") increased $675,777 due in part to an increase in operating income in the 2006 Mortgage Revenue Bond Fund.

- There was a $215,951 decrease in the changes in net assets from the prior year due primarily to the Change in Market Value of Securitized Loans and Other Investments in current fiscal year compared to the prior fiscal year. Net Income was $13,504 in the prior fiscal year as compared to a Net Income of $58,848 in the current fiscal year excluding the effects of the change in Change in Market Value of Securitized Loans and Other Investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

These basic financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and the supplemental information.

Basic Financial Statements

The basic financial statements include information on a combined basis for the Authority as a whole, in a format designed to make the statements easier for the reader to understand. The statements include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The Balance Sheet presents the assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Authority is improving or deteriorating. Schedules of Assets, Liabilities and Net Assets by Program is on page 18.

The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing how the Authority's net assets changed as a result of the current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods. Schedules of Revenues, Expenses and Changes in Net Assets by Program is on page 19.

The Statement of Cash Flows presents information showing how the Authority's cash changed as a result of the current year's operations. The cash flow statement is prepared using the direct method and includes the reconciliation of net income (loss) to net cash provided by (used in) operating activities (indirect method) as required by Statement No. 34 of the Governmental Accounting Standards Board. Schedules of Cash Flow by Program is on pages 20 and 21.

FINANCIAL ANALYSIS OF THE AUTHORITY

Hammond-Tangipahoa Home Mortgage Authority
Statement of Net Assets
as of June 30, 2007 and 2006

	2007	2006	Increase (Decrease)
Cash & Cash Equivalents	$ 255,628	$ 72,851	$ 182,777
Securitized Mortgage Loans	4,185,246	402,846	3,782,400
Guaranteed Investment Contracts and Investments	11,621,805	15,894,707	(4,272,902)
Other Assets	316,985	307,315	9,670
Total Assets	16,379,664	16,677,719	(298,055)
Other Liabilities	182,947	160,660	22,287
Long-Term Debt Outstanding	15,127,313	15,209,100	(81,787)
Total Liabilities	15,310,260	15,369,760	(59,500)
Net Assets:			
Restricted	277,625	516,099	(238,474)
Unrestricted	791,779	791,860	(81)
Total Net Assets	$ 1,069,404	$ 1,307,959	$ (238,555)

Restricted net assets represent those net assets that are not available for general use due to the terms of the various bond trust indentures under which assets are held and pledged as security for the bonds of the Authority's Mortgage Revenue Bond Programs. Conversely, unrestricted net assets are those assets for which there are no such limitations.

Net assets of the Authority decreased by $238,555 from June 30, 2006 to June 30, 2007. This decrease in net assets can be attributed to a decrease in the Change in Market Value of Securitized Loans and Other Investments of $297,403.

Hammond-Tangipahoa Home Mortgage Authority
Condensed Statement of Changes in Net Assets
For the Years Ended June 30, 2007 and 2006

	2007	2006	Increase (Decrease)
Revenues	$ 518,643	$ 104,159	$ 414,484
Expenses - Operating	757,198	126,763	630,435
Change in Net Assets	$ (238,555)	$ (22,604)	$ (215,951)

Revenue

The Authority's revenues increased primarily due to interest income on the Guaranteed Investment Contract in the 2006 issue. Bond proceeds are invested in the Guaranteed Investment Contract during the period in which Mortgage Backed Securities are being acquired. The Authority had a net decrease in the Market Value of Securitized Loans and Other Investments of $297,403 in the current fiscal year compared to a net decrease in the Market Value of Securitized Loans and Other Investments of $36,110 in the prior fiscal year. Operating expenses increased primarily as a result of increased bond interest payments.

The Authority's total revenues exclusive of the "Change in Market Value of Securitized Loans and Other Investments" increased by $675,777. The total operating cost of all programs and services increased by $630,435. This net change was primarily a result of an increase in bond interest expense of $642,542 and a decrease in Amortization of Deferred Financing Costs of $11,426.

Debt

The Authority had $15,127,313 in bonds outstanding at the end of the Current Fiscal Year, compared to $15,209,100 at the end of the Prior Fiscal Year, as shown in the table below.

June 30, 2007 and 2006

	2007	2008	Increase (Decrease)
Mortgage Revenue Bonds	$15,127,313	$15,209,100	$ (81,787)

The net decreased debt level resulted from the $81,787 early retirement and scheduled redemption of bonds from payments and prepayments of mortgage related assets.

The Authority's bond rating continues to carry the Aaa rating for the debt of its Mortgage Revenue Bonds.

The Authority has accounts payable and accrued interest payable of $72,894 outstanding at the current fiscal year end compared with $50,372 at the prior fiscal year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Authority's appointed officials considered the following factors and indicators when setting next year's budget. These factors and indicators include:

- The stabilization of interest rates slowing early payoffs and refinancing, slowing the shrinking of the Authority's asset base of mortgage backed securities and thereby slowing the reduction of mortgage interest income and issuer fees the Authority receives.

CONTACTING THE HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY MANAGEMENT

This Financial report is designed to provide Louisiana's citizens and taxpayers, as well as the Authority's customers and creditors with a general overview of the Hammond-Tangipahoa Home Mortgage Authority's finances and to show the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Stan Dameron
Chairman
P O Box 1004
Amite, LA. 70422
985-898-0206

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

BALANCE SHEET

AS OF JUNE 30, 2007

ASSETS

Cash and Cash Equivalents	$	255,628
Investments		11,621,805
Securitized Mortgage Loans		4,185,246
Accrued Interest Receivable		66,244
Deferred Financing Costs - Net of Amortization		250,741
Total Assets	$	16,379,664

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts Payable	$	12,000
Accrued Interest Payable		60,894
Deferred Servicing Release Fees		110,053
Bonds Payable - Net		15,127,313
Total Liabilities		15,310,260
Net Assets:		
Restricted for MRB Programs		277,625
Unrestricted		791,779
Total Net Assets		1,069,404
Total Liabilities and Net Assets	$	16,379,664

The accompanying notes are an integral part of this statement.

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

Operating Revenues:		
Mortgage Loan Income:		
Interest Earned	$	94,944
Change in Market Value-Securtized Loans		(285,312)
Investment Income:		
Interest Earned		713,362
Change in Market Value-Investments		(12,091)
Other Income		7,740
Total Operating Revenues		518,643
Operating Expenses:		
Interest		720,639
Amortization of Deferred Financing Costs		2,212
Legal fees		12,000
Accounting and Audit Costs		17,000
Board Meeting Expenses and Per Diem		2,400
Other Operating Expenses		2,947
Total Operating Expenses		757,198
Change in Net Assets		(238,555)
Net Assets - Beginning of Year		1,307,959
Net Assets - End of Year	$	1,069,404

The accompanying notes are an integral part of this statement.

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows From Operating Activities:		
Cash Receipts for:		
Investment and Mortgage Loan Income	$	793,790
Program Mortgage Principal Collections		117,565
Other Income		7,740
Cash Payments for:		
Interest on Debt		(710,740)
Other Operating Expenses		(19,347)
Net Cash Provided by Operating Activities		189,008
Cash Flows From Investing Activities:		
Purchase of Investments		(4,366,906)
Proceeds from Maturities, Sales and Paydowns of Investments		4,441,839
Net Cash Provided by Investing Activities		74,933
Cash Flows From Noncapital Financing Activities:		
Bond Redemptions		(81,164)
Net Cash Used in Noncapital Financing Activities		(81,164)
Net Increase in Cash and Cash Equivalents		182,777
Cash and Cash Equivalents at Beginning of Year		72,851
Cash and Cash Equivalents at End of Year	$	255,628

(CONTINUED)

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows From Operating Activities:		
Operating Loss	$	(238,555)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities:		
Amortization of Mortgage Loan Premium		365
Amortization of Deferred Financing Costs		2,212
Amortization of Bond Premium		(623)
Net Realized and Unrealized (Gains) Losses on Investments		297,403
Mortgage Loan Principal Payments Received		117,565
Changes in Assets and Liabilities:		
(Increase) Decrease in Accrued Interest Receivable		(14,881)
(Increase) Decrease in Prepaid Assets		3,000
Increase (Decrease) in Accounts Payable		12,000
Increase (Decrease) in Accrued Interest Payable		10,522
Net Cash Provided by Operating Activities	$	189,008

The accompanying notes are an integral part of this statement.

(1) Summary of Significant Accounting Policies

(A) Organization of Authority -

The Hammond-Tangipahoa Home Mortgage Authority (the Authority) is a public trust created through a Trust Indenture dated February 20, 1979. The Authority's primary purpose is to provide funds to enable qualifying low and moderate income persons to purchase or, under certain circumstances, improve single unit, owner-occupied residences in the Parish of Tangipahoa, Louisiana. The Authority achieves this purpose by purchasing qualifying mortgage loans made to such persons by participating mortgage lenders.

The Authority uses the proceeds of issuance of bonds payable to fund the purchase of mortgage loans or GNMA and FNMA certificates which are backed by qualifying mortgage loans. This practice is carried out through the creation of programs (MRB programs) which are periodically sponsored by the Authority, based upon the housing demand of the geographic region. The bonds issued by the Authority are limited obligations of the Authority, payable only from revenues and receipts derived from the mortgage loans and other assets held under and pursuant to the trust indenture.

The Authority is managed by a board of trustees appointed by the City Council of Hammond, Louisiana.

(B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation -

Financial Reporting Entity

GASB Statement 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Authority is considered a primary government, since it is a special purpose government that has a separate governing body, is legally separate, and is fiscally independent of other state or local governments. The Authority also has no component units, defined by GASB Statement 14 as other legally separate organizations for which the Authority members are financially accountable.

Measurement Focus - The Authority has adopted the provisions of Statement No. 34 ("Statement 34") of the Governmental Accounting Standards Board *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government"* and Statement No. 37, *"Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"* (an amendment to Statement No. 34). These statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net assets, a statement of activities and changes in net assets and a statement of cash flows.

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets. The Authority has no governmental or fiduciary funds.

Basis of Accounting - The Authority uses the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred or economic asset used.

The Authority complies with accounting principles generally accepted in the United States of America (GAAP) by applying all relevant Governmental Accounting Standards Board (GASB) pronouncements. As the Authority and its mortgage revenue bond program are considered to be proprietary fund types, the Authority also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Proprietary fund types 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 accounting principles generally accepted in the United States of America (GAAP) used for proprietary funds are generally those applicable to similar businesses in the private sector (accrual basis of accounting). Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and expenses are recognized when incurred.

The following funds are maintained by the Authority:

Residual Fund (General Fund)

This fund provides for the accounting of general and administrative expenses of the Authority, any allowable transfers from other funds, investment interest income, and various types of fees. Assets of this fund are generally unrestricted and may be utilized for any lawful purpose of the Authority.

Mortgage Revenue Bond Funds (MRB Programs)

These funds have been established to account for the various trust accounts created pursuant to the terms of the trust indentures of MRB programs. The various accounts within the funds provide for the custody of assets and the payment of the debt service requirements and are aggregated in the accompanying financial statements.

The above funds are presented on a combined basis, however, the assets of the accounts under the indenture are restricted and consequently, the amounts presented do not necessarily indicate that the combined assets are available in any manner other than that provided for in the trust indentures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Investment Securities and Securitized Mortgage Loans

Investment securities and securitized mortgage loans are stated at fair value based on quoted market prices. The change in unrealized gain or loss is recognized as a component of income. Amortization of premium and accretion of discount are computed on a method that approximates the interest method over the life of each security.

Deferred Bond Issuance Costs

Deferred bond issuance costs, including the underwriters' discount or premium on the sale of the bonds payable, are amortized on a method that approximates the interest method over the estimated lives of the related bonds payable.

Bonds Payable

Bonds payable are stated net of the unamortized discount or premiums which is amortized on a method that approximates the interest method over the estimated lives of the bonds.

Statement of Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include certificates of deposit and all highly liquid debt instruments with maturities of three months or less when purchased.

(2) Cash and Certificates of Deposit

Cash and certificates of deposit are stated at cost which approroximates market value. Permissible types of cash instruments for the Mortgage Revenue Bond Funds (MRB programs) are stipulated in the respective trust indentures. State statutes set forth the permissible types of cash instruments for the general fund. Under the statutes, the Authority may deposit funds in state banks organized under the laws of Louisiana and national banks with principal offices located within Louisiana. The Authority also has funds classified as "Cash and Cash Equivalents" on the Balance Sheet which represent interest in money market mutual funds.

Deposits in financial institutions including those on deposit at the Trustee Banks may be exposed to custodial credit risk. Custodial credit risk is the risk that funds may not be recovered by a depositor upon failure of the financial institution. At June 30, 2007, the Authority had bank deposits (consisting of demand deposits and U.S. Treasury money market funds) with aggregate bank balances and carrying amounts of $255,628. The Authority's deposits had no exposure to custodial credit risk as of June 30, 2007 because it was either completely insured by FDIC insurance or was invested in U.S. Treasury money market funds.

(3) Investments

The Authority's investments at June 30, 2007 are recorded at fair value as summarized below:

Investment Type/Issuer	Amortized Cost	Fair Value	Credit Quality Rating*	% of Investments (Fair Value)	Expected Maturity/ Duration
Federal Home Loan Mortgage Corporation (CMO)	$ 572,831	$ 551,067	Aaa	4.74%	1-5 years
Federal National Mortgage Association	151,977	150,457	Aaa	1.30%	1-5 years
Investment Contract FGIC Capital	111,441	111,441	N/A	.96%	N/A
Investment Contract AIG	10,808,840	10,808,840	N/A	93.00%	N/A
Total Investments	$11,645,089	$11,621,805		100.00%	

*Credit quality rating obtained from Standard & Poors

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, an entity will not be able to recover the value of its investments that are in possession of an outside party. At June 30, 2007, the Authority's investments in government debt obligations are not subject to custodial credit risk.

Credit Risk: Credit is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. Bond ratings from the nationally recognized rating agencies provide an indicator of the credit risk of debt annuities. Credit risk is minimized by investing in U.S. Government Agency obligations which carry the explicit guarantee of the U.S. government.

The investment contracts owned by the 1999 A & B and the 2006 Mortgage Revenue Bond Programs represent deposits in financial institutions with a guaranteed interest rate over the life of the related bonds outstanding. The investment contracts are unsecured and their redemption depends solely on the financial condition of the contract provider. The investment contract has no secondary market and its fair value is considered to be the same as cost.

Interest Rate Risk: The risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority measures and monitors this risk by investing in securities with an expected maturity of 1 to 5 years, taking into consideration the prepayment speed of mortgage backed securities which can result in an expected maturity well ahead of the contractual maturity.

The Authority does not have a written investment policy with respect to these three risks.

(4) Securitized Mortgage Loans

The various loans of the 1999 A & B and the 2006 MRB programs have been pooled and securitized into GNMA and FNMA securities. These securities bear pass-through rates of 5.05% - 6.45% and are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association and Federal National Mortgage Association. The underlying loans backing the GNMA and FNMA securities are collateralized by mortgages on single unit, owner-occupied residences located in the Parish of Tangipahoa, Louisiana. The loans, which have scheduled maturities of approximately 30 years, are serviced by a master servicer.

(5) Bonds Payable

The Authority issues revenue bonds to assist in the financing of housing needs in the Parish of Tangipahoa, State of Louisiana. The bonds are limited obligations of the Authority, payable only from the assets, income, revenues and receipts derived from the mortgage loans and other investments held under and pursuant to the trust indentures and pledged therefore. The issuance of debt for the financing of projects by the Authority is subject to the approval of the Louisiana State Bond Commission. Bonds are issued under various bond resolutions adopted by the Authority to provide financing for qualified single family residences.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2007

Long-term debt activity for the year ended June 30, 2007 is as follows:

	Balance June 30, 2006	Debt Issued	Debt Retired	Balance June 30, 2007
1999 A & B Term Bonds, 5.9%, Due 2031	$ 210,000	$ -	$ (50,000)	$ 160,000
2006 Term Bonds, 4.85%, Due 2039	14,705,000	-	(31,164)	14,673,836
	14,915,000	-	(81,164)	14,833,836
Add: Issuance Premium	294,100	-	(623)	293,477
	$15,209,100	$ -	$ (81,787)	$15,127,313

The Series 1999 A & B bonds pay interest semi-annually, on May 1 and November 1 and have scheduled sinking fund requirements which begin in November 2006. In accordance with the mandatory redemption provisions of the trust indenture, all bonds are subject to optional redemption prior to their maturity. Such redemptions may occur as a result of mortgage loan prepayments or other conditions related to mortgage loan demand. Because of fluctuations in the loan demand, these programs and the bonds have an expected life well below the terms stated in the official statement. Future debt service requirements according to the official statements for the 1999 A and B Bonds are as follows:

Ending June 30,	Principal	Estimated Interest	Total
2008	$ -	$ 9,440	$ 9,440
2009	-	9,440	9,440
2010	-	9,440	9,440
2011	-	9,440	9,440
2012	-	9,440	9,440
2013-2017	-	47,200	47,200
2018-2022	-	47,200	47,200
2023-2027	-	47,200	47,200
2028-2031	160,000	37,760	197,760
	$160,000	$226,560	$386,560

The Series 2006 bonds pay interest monthly, commencing July 1, 2006. Principal payments are to be paid monthly in an amount equal to the loan repayments, prepayments and other funds on deposit in the redemption account of the bond fund. The bonds have a nominal maturity of June 1, 2039 however, because of anticipated prepayments, the bonds have an expected life well below the terms stated in the official statement. Because of the unpredictability of the interest rate environment and the resulting prepayments, future debt service requirements cannot be reasonably estimated.

(6) Prior Year's Defeasance of Debt

On August 30, 1990, the Authority irrevocably placed into trust an amount of funds sufficient for payment of the Single Family Mortgage Revenue Bonds, 1979 Series A bonds. As a result of this defeasance, these bonds have been removed from the Authority's financial statements. At June 30, 2007, the balance of the bonds outstanding was $4,965,000.

On August 18, 1999, the Authority issued the 1999 Series A and Series B (refunding) mortgage revenue bonds, with aggregate face values of $5,000,000 and $1,250,000, respectively. Concurrently, the Authority irrevocably placed cash and U. S. Government obligations in trust to provide, sufficient payment to defease the Series 1990 A and B bonds outstanding, and accrued interest payable at that date. Funding for the defeasance was provided from proceeds of the sale of the mortgage loan portfolio which secured the bonds, and from proceeds of the issuance of the 1999 Series B (refunding) bonds. At June 30, 2007, the balance of the defeased Series 1990 A and B bonds outstanding was $500,000. As a result of defeasance, the 1990 A & B bonds and the related pledged assets have been removed from the Authority's financial statements.

(7) Board of Trustees Expenses

The appointed members of the Authority's Board of Trustees 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 Trustees. For the year ended June 30, 2007, the following per diem payments were made to the members of the Authority's Board:

Stan Dameron	$ 600
Sandy Davis	600
Andrew Gasaway	600
Rodney Cash	600
	$2,400

In addition to the above per diem payments, a board member's business performs administrative and accounting services for an annual fee of $1,200.

SUPPLEMENTARY INFORMATION

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS BY PROGRAM

AS OF JUNE 30, 2007

	Residual Fund	1999 A & B Mortgage Revenue Bond Fund	2006 Mortgage Revenue Bond Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 135,477	$ 2,469	$ 117,682	$ 255,628
Investments	701,524	111,441	10,808,840	11,621,805
Securitized Mortgage Loans	-	318,871	3,866,375	4,185,246
Accrued Interest Receivable	3,166	2,359	60,719	66,244
Deferred Financing Costs - Net of Amortization	-	4,072	246,669	250,741
Total Assets	$ 840,167	$ 439,212	$ 15,100,285	$ 16,379,664
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts Payable	$ 12,000	$ -	$ -	$ 12,000
Accrued Interest Payable	-	1,587	59,307	60,894
Deferred Servicing Release Fees	-	-	110,053	110,053
Bonds Payable - Net	-	160,000	14,967,313	15,127,313
Total Liabilities	12,000	161,587	15,136,673	15,310,260
Net Assets:				
Restricted for MRB Programs	-	277,625	-	277,625
Unrestricted	828,167	-	(36,388)	791,779
Total Net Assets	828,167	277,625	(36,388)	1,069,404
Total Liabilities and Net Assets	$ 840,167	$ 439,212	$ 15,100,285	$ 16,379,664

Schedule 2

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2007

	Residual Fund	1999 A & B Mortgage Revenue Bond Fund	2006 Mortgage Revenue Bond Fund	Total
Operating Revenues:				
Mortgage Loan Income:				
Interest Earned	$ -	$ 24,576	$ 70,368	$ 94,944
Change in Market Value - Securtized Loans	-	1,818	(287,130)	(285,312)
Investment Income:				
Interest Earned	41,109	2,813	669,440	713,362
Change in Market Value-Investments	(12,091)	-	-	(12,091)
Other Income	7,500	-	240	7,740
Total Operating Revenues	36,518	29,207	452,918	518,643
Operating Expenses:				
Interest	-	6,214	714,425	720,639
Amortization of Deferred Financing Costs	-	1,688	524	2,212
Legal fees	12,000	-	-	12,000
Accounting and Audit Costs	17,000	-	-	17,000
Board Meeting Expenses and Per Diem	2,400	-	-	2,400
Other Operating Expenses	1,518	847	582	2,947
Total Operating Expenses	32,918	8,749	715,531	757,198
Operating Income (Loss)	3,600	20,458	(262,613)	(238,555)
Non-Operating Revenue (Expense):				
Transfers In (Out)	32,707	-	(32,707)	-
	32,707	-	(32,707)	-
Change in Net Assets	36,307	20,458	(295,320)	(238,555)
Net Assets - Beginning of Year	791,860	257,167	258,932	1,307,959
Net Assets - End of Year	$ 828,167	$ 277,625	$ (36,388)	$ 1,069,404

Schedule 3

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM

FOR THE YEAR ENDED JUNE 30, 2007

	Residual Fund	1999 A & B Mortgage Revenue Bond Fund	2006 Mortgage Revenue Bond Fund	Total
Cash Receipts for:				
Cash Receipts for:				
Investment and Mortgage Loan Income	$ 41,109	$ 28,049	$ 724,632	$ 793,790
Program Mortgage Principal Collections	-	85,793	31,772	117,565
Other Income	7,500	-	240	7,740
Cash Payments for:				
Interest on Debt	-	(11,415)	(699,325)	(710,740)
Other Operating Expenses	(17,918)	(847)	(582)	(19,347)
Net Cash Provided by Operating Activities	30,691	101,580	56,737	189,008
Cash Flows From Investing Activities:				
Purchase of Investments	(127,465)	(54,160)	(4,185,281)	(4,366,906)
Proceeds from Maturities, Sales and Paydowns of Investments	131,742	-	4,310,097	4,441,839
Net Cash Provided by (Used in) Investing Activities	4,277	(54,160)	124,816	74,933
Cash Flows From Noncapital Financing Activities:				
Bond Redemptions	-	(50,000)	(31,164)	(81,164)
Operating Transfers In (Out) - Net	32,707	-	(32,707)	-
Net Cash Provided by (Used in) NonCapital Financing Activities	32,707	(50,000)	(63,871)	(81,164)
Net Increase (Decrease) in Cash and Cash Equivalents	67,675	(2,580)	117,682	182,777
Cash and Cash Equivalents at Beginning of Year	67,802	5,049	-	72,851
Cash and Cash Equivalents at End of Year	$ 135,477	$ 2,469	$ 117,682	$ 255,628

(CONTINUED)

Schedule 3
(Continued)

HAMMOND-TANGIPAHOA
HOME MORTGAGE AUTHORITY

SCHEDULE OF CASH FLOWS BY PROGRAM (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2007

	Residual Fund	1999 A & B Mortgage Revenue Bond Fund	2006 Mortgage Revenue Bond Fund	Total
Cash Flows From Operating Activities:				
Operating Income (Loss)	$ 3,600	$ 20,458	$ (262,613)	$ (238,555)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Amortization of Mortgage Loan Premium	-	-	365	365
Amortization of Deferred Financing Costs	-	1,688	524	2,212
Amortization of Bond Premium		-	(623)	(623)
Net Realized and Unrealized (Gains) Losses on Investments	12,091	(1,818)	287,130	297,403
Mortgage Loan Principal Payments Received	-	85,793	31,772	117,565
Changes in Assets and Liabilities:				
(Increase) Decrease in Accrued Interest Receivable		660	(15,541)	(14,881)
(Increase) Decrease in Prepaid Assets	3,000	-	-	3,000
Increase (Decrease) in Accounts Payable	12,000	-	-	12,000
Increase (Decrease) in Accrued Interest Payable	-	(5,201)	15,723	10,522
Net Cash Provided by Operating Activities	$ 30,691	$ 101,580	$ 56,737	$ 189,008

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLAINCE AND OTHER MATTERS BASED ON AS AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Hannis T. Bourgeois, LLP
Certified Public Accountants

Randy J. Bonnecaze, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
Laura E. Monroe, CPA*
R. David Wascom, CPA*
*A Professional Accounting Corporation

1175 Del Este Avenue, Suite B
Denham Springs, LA 70726
Phone: (225) 665-8297
Fax: (225) 667-3813

Members American Institute of Certified Public Accountants

2322 Tremont Drive
Baton Rouge, LA 70809

www.htbcpa.com

October 16, 2007

To the Board of Trustees
Hammond-Tangipahoa Home Mortgage Authority
Hammond, Louisiana

We have audited the financial statements of the Hammond-Tangipahoa Home Mortgage Authority (the Authority) as of and for the year ended June 30, 2007, and have issued our report thereon dated October 16, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 instance of noncompliance or other matters that would be required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Trustees, management and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statue 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Hannis T. Bourgeois, LLP

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2007

None.

HAMMOND-TANGIPAHOA HOME MORTGAGE AUTHORITY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2007

2006-1 - Financial Reporting and Segregation of Duties

Criteria

An optimal system of internal controls over financial reporting requires ongoing monitoring of financial condition by managers and the board of directors through financial statements including reconciliation of checking accounts to the accounting system. Different individuals should be involved in the process to ensure proper checks and balances.

Condition

The Authority's general fund checking account was not journalized into the Authority's general ledger on an ongoing basis during the year, nor was any type of written financial report provided to the board on an ongoing basis. One individual maintains custody of the check book and provides a verbal report to the board of the checks issued.

Effect

Without ongoing monitoring of the financial condition through financial statements and proper segregation of duties, the board may be lacking sufficient financial information when making decisions. Additionally, when the duties of custody, accounting and reconciliation are not segregated, errors, fraud or misuse of funds may occur without timely detection by the organization. An example of such an error remaining undetected occurred during the 2005-2006 fiscal year when the Authority's brokerage account issued a check to the operating account in the amount of $10,385.80 which was not deposited for over nine months.

Recommendation

The Authority should journalize transactions of the checking account on an ongoing basis and review written financial statements (cash basis) of the general fund on an ongoing basis. The financial statements/report presented to the board should be reconciled to the bank statement and at least reviewed by an individual other than the person having custody of the checkbook.

Corrective Action Taken

The Authority's checking account is being reconciled quarterly with the activity recorded in the general ledger at that time by the same external party that currently performs the accounting for the Authority. Various financial information of the bond programs and the general fund such as investment purchases, returns, etc. is presented by the trustee banks to the board at their meetings. The checking account balance is also reported to the board. However, a written cash financial statement is not presented. We recommend at least a working trial balance of this fund be presented at each board meeting.

2006-2 - Proper Documentation of Transactions

Criteria

Cash disbursements should be adequately documented. Such documentation should be current, contain evidence of appropriate approvals and supportive of the amount of the disbursements.

Condition

The Authority contracts for legal services with a local attorney (retained attorney) at a stated monthly rate of $1,000. The contract for service is traditionally awarded on an annual basis, expires on June 30, and has been renewed in writing for the previous two successive years. However, the contract for the 2005-2006 year was not renewed in writing. According to the terms of the contract which ended June 30, 2005 which was verbally renewed by the board, the attorney will perform all necessary legal services as well as handle other matters as needed for the Authority. The professional services contract also contains language not reflective of the relationship with Authority's retained attorney. The costs under the contract are paid from the Authority's general operating funds.

In connection with the issuance of the 2006 Bonds, the retained attorney also received legal fees as legal counsel of the Authority which were paid from the costs of issuance account of the 2006 Bonds.

Effect

The Authority's contract for professional services is outdated and does not clearly describe the scope of services to be provided by the retained attorney. Additionally, payment of legal fees that may be outside the scope of the retained services may lack sufficient documentation.

Recommendation

The Authority should execute a written contract for legal services. The contract should clearly identify the services being contracted for and the professional fees to be paid for those services. Fees billed to the Authority outside the scope of this agreement should be supported by additional invoices or through a written amendment to the contract and approved by the board.

Correction Action Taken

The Authority executed an annual written contract with its general counsel for legal services which more clearly identifies the services to be provided, the scope thereof and the fees to be paid for those services.